

# City of El Cajon California



**Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2018**



# City of El Cajon, California

## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018



*Honoring and celebrating  
the people who make El Cajon  
The Valley of Opportunity*

Prepared by the Finance Department





# CITY OF EL CAJON

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## CITY OF EL CAJON

200 Civic Center Way

• El Cajon, California 92020

December 17, 2018

To the Honorable Mayor, Members of the City Council and Residents of the City of El Cajon:

The City of El Cajon annually publishes a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the City of El Cajon ("the City") for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City. Management, therefore, assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework over financial reporting that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. The City's comprehensive framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Rogers, Anderson, Malody & Scott, LLP, a firm of certified public accountants, audited the City's financial statements with a goal to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's basic financial statements for the fiscal year ended June 30, 2018, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the basic financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also report on the City's internal control over financial reporting and compliance with legal requirements involving the administration of federal awards. Although the independent auditor reports on internal control and compliance with legal matters, they do not express an opinion on them. These reports are contained in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City, incorporated on November 12, 1912, is located in the southern part of the state, just 15 miles due east of San Diego. The City currently occupies a land area of 14.4 square miles and serves a population of 105,557. The City has experienced population growth of approximately 7.3% over the past ten years.

By a vote of the people, the City became a charter city during fiscal year 2011-12, giving the city council more local control of municipal affairs. Policy-making and legislative authority are vested in the city council consisting of the mayor and four other council members. As part of the November 8, 2016, general election, Measure S passed directing district elections in the subsequent election of the City's four council members. The mayor is elected to serve a four-year term and council members serve four-year staggered terms. The city council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the city manager and city attorney. The City operates under the council-manager form of government. The city manager is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the City, and for appointing the directors of the various departments.

The City provides a full range of services, including police and fire protection, animal control, construction and maintenance of streets, parks, civic facilities, and other infrastructure, right-of-way regulation, city planning and building regulation, recreational activities, cultural events, housing assistance and wastewater services. The City is financially accountable for the El Cajon Housing Authority and El Cajon Public Financing Authority, both of which are reported as blended component units within the City's financial statements. Additional information on these separate entities can be found in note A.2 in the notes to the basic financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the city manager in March of each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager then presents this proposed budget to the city council for review in June. The city council has a public hearing to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund (e.g., general fund), function (e.g., public safety), department (e.g., police) and activity (e.g., patrol). The city manager may transfer appropriations between departments within a fund. However, transfers of appropriations between funds require approval of the city council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue fund, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and the major special revenue fund, this comparison is presented in the supplementary section of the accompanying financial statements.

### **Local Economy**

California's economy continues to improve based on a number of key indicators. As of October 2018, state unemployment rates have improved to 4.1%, with the national rate lower at 3.7%. The San Diego regional unemployment rate is lower than both at 3.3% for the same period. Looking forward, the UCLA Anderson Forecast stated in September 2018 that "California's average unemployment rate is expected to have its normal differential to the U.S. rate 4.2% in 2020."

Additionally, State Domestic Product was \$2.8 trillion in 2017, which is up 6.7% from the previous year. The Standard and Poor's / Case Schiller 20 – City Composite Home Price Index was up 6.29% in 2017, and up 7.42% in the same period for the greater San Diego area market. The University of San Diego Index of Leading Economic Indicators continued its trend of positive movement throughout 2017.

Sales Tax Revenues – Sales tax revenues, including regular sales tax and sales tax received in lieu of property taxes, increased by \$1.8 million from the prior fiscal year, a 7.1% increase. This increase is primarily attributable to growth in the overall economy. The City's additional district sales tax, known as "Prop J" similarly increased 8.6% from the previous year.

Property Taxes – Property taxes collected in fiscal year 2017-18 increased 5.8% from the prior year. According to data from the County of San Diego Assessor's Office, the total assessed valuation of taxable property in El Cajon for fiscal year 2017-18 was \$8.9 billion; this represents a 6.9% increase from the prior year. For fiscal year 2018-19, total assessed values grew to \$9.5 billion, an increase of 5.7% from fiscal year 2017-18.

Although the economy maintains its steady growth, it is critical that the City position itself to maintain reserves and avoid cost increases that cannot be matched with revenue growth.

### **Long Term Financial Planning**

The City utilizes many sources to evaluate and provide current and long range financial planning. These sources include the comprehensive annual financial report (CAFR), the annual budget, and the five-year business plan. In conjunction with the CAFR and the annual budget, the five-year business plan is reviewed and updated annually as a forerunner to preparing the annual budget.

As directed by the City Council Policy on Fund Balance (No. B-12), the general fund maintains a committed fund balance equal to 20% of annual budget expenditures, \$13,052,990 at June 30, 2018. Additionally, the general fund had assigned fund balance of \$8,000,000 for unfunded retirement obligations and \$6,500,000 for economic uncertainty. The \$21,239,581 unassigned fund balance at June 30, 2018, provides resources for future needs. The city council periodically rebalances these assignments based on anticipated needs, which was done on June 26, 2018. Based on recent analysis and information received to date, general fund revenue and expenditure projections for fiscal year 2018-19 are conservatively estimated. The City must continue to operate in a fiscally conservative manner and prioritize capital outlay expenditures based upon available funding.

In November 2008, the voters approved Proposition J, a twenty-year half-cent sales tax measure, intended to preserve essential City services and bridge the City's long-standing fiscal needs. A total of \$10.2 million was collected in fiscal year 2017-18 as a result of Proposition J and was vital in maintaining essential services.

Transportation related maintenance and capital projects were primarily funded by Gas Tax, TransNet, and the General Fund. A combined total of \$7,001,323 was utilized to reconstruct and resurface major thoroughfares and local residential streets, and to maintain or improve street lights and traffic signals. Projects are prioritized based upon need and available funding.

## **Major Fiscal Issues**

The City contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan for its employees. Each year an independent actuary, engaged by the pension plan, calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations. As a matter of policy, the City fully funds each year's actuarially determined contribution to the pension plan. The unfunded actuarial liability associated with employee services rendered to date is being systematically funded as part of the actuarially determined contribution. Employer rates are expected to increase for a number of reasons including investment returns different than assumed and discount rate changes; rate increases are taken into consideration in the five-year business plan. Although the Public Employees' Pension Reform Act (PEPRA) established new retirement benefit levels and limits for "new members" effective January 1, 2013, it will be many years before PEPRA impacts the employer contribution rate.

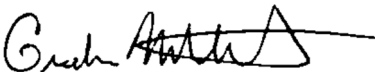
In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, the City obtains a biennial actuarial valuation of its liability for other post-employment benefits (OPEB). In fiscal year 2007-08, the City began making contributions to the California Employee Retiree Benefit Trust (CERBT) fund to transition to pre-funding the OPEB obligation rather than continue the practice of pay-as-you-go.

## **Awards and Acknowledgements**

The City has applied for and been awarded the certificate for *Outstanding Financial Reporting* from the California Society of Municipal Finance Officers (CSMFO) beginning with the fiscal year ended 2007. Due to a change in the CSMFO award program criteria, the City is no longer eligible to apply for and receive both the certificate for *Outstanding Financial Reporting* from CSMFO and the *Certificate of Achievement for Excellence* from GFOA in a single year, although we feel that this CAFR would also meet the criteria for the GFOA award. The City is also a CSMFO recipient of the *Excellence in Operating Budgeting*, having received this award every year beginning in fiscal year 1996-97.

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the dedicated efforts of the Finance Department staff and the assistance of the City's auditors, Rogers, Anderson, Malody & Scott, LLP. In particular, we would like to express our appreciation to members of the Finance Department that prepared this report. We would also like to thank the Mayor and members of the City Council for their support and commitment to fiscal integrity and financial leadership.

Sincerely,



Graham Mitchell  
City Manager



Clay Schoen  
Director of Finance



# *California Society of Municipal Finance Officers*

*Certificate of Award*

## *Outstanding Financial Reporting Award Fiscal Year 2016-2017*

*Presented to the*

*City of El Cajon*

For meeting the criteria established to achieve the Outstanding Financial Reporting Award.

*January 31, 2018*



*Drew Corbett*

Drew Corbett  
CSMFO President

*Craig Boyer*

Craig Boyer, Chair  
Professional Standards and  
Recognition Committee

*Dedicated Excellence in Municipal Financial Reporting*

# CITY OF EL CAJON

LIST OF PRINCIPAL OFFICIALS  
Fiscal Year ended June 30, 2018

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## **Elected Officials**

### Mayor

Bill Wells

### Councilmembers

Steve Goble

Ben Kalasho

Gary Kendrick

W. E. "Bob" McClellan

## **Appointed Officials**

### City Manager

Graham Mitchell

### City Attorney

Morgan Foley

### Management Team

Angela Aguirre – City Clerk

Jeff Davis – Police Chief

Colin Stowell – Fire Chief

Frank Carson – Director of Recreation

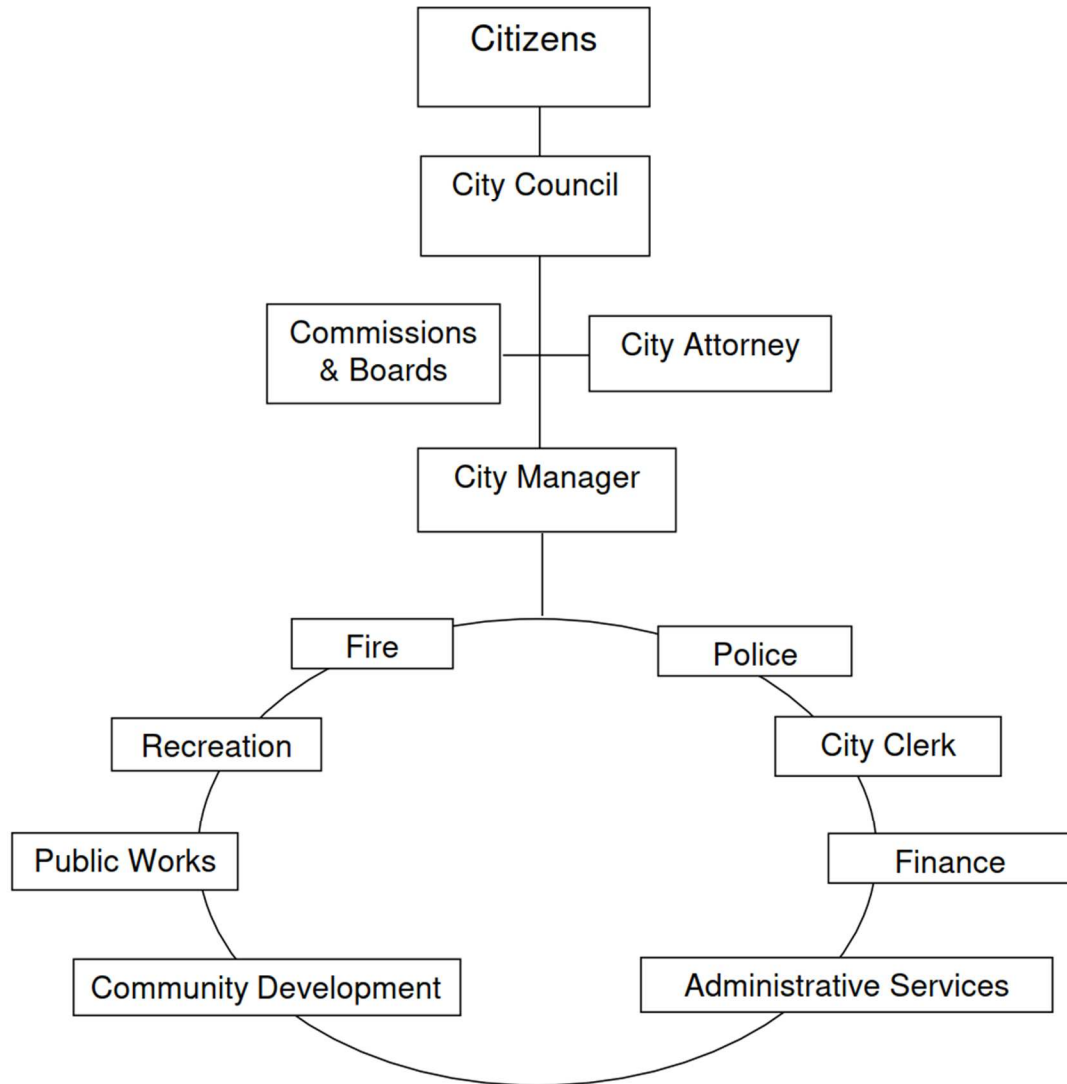
Dirk Epperson – Director of Public Works

Clay Schoen – Director of Finance

# CITY OF EL CAJON

ORGANIZATIONAL CHART  
Fiscal Year ended June 30, 2018

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ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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San Bernardino, CA 92408  
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To the Honorable Mayor and Members of the City Council  
City of El Cajon, California

### *Independent Auditor's Report*

#### **PARTNERS**

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Kirk A. Franks, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradford A. Welebir, CPA, MBA, CGMA  
Jay H. Zercher, CPA (Partner Emeritus)  
Phillip H. Waller, CPA (Partner Emeritus)

#### **MANAGERS / STAFF**

Jenny Liu, CPA, MST  
Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA  
Gardenya Duran, CPA  
Brianna Schultz, CPA  
Lisa Dongxue Guo, CPA, MSA  
Samuel Singery, CPA  
Jing Wu, CPA  
Evelyn Morentin-Barcena, CPA  
Jin Gu, CPA, MT

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of El Cajon, California (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



#### **MEMBERS**

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

Employee Benefit Plan  
Audit Quality Center

California Society of  
Certified Public Accountants

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Cajon, California, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

#### ***Change in Accounting Principle***

As discussed in Note 1 of the financial statements, the City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Our opinion is not modified with respect to this matter.

The cumulative effects of applying the provisions of GASB Statement No. 75 have been reported as a restatement of beginning net position for the year ended June 30, 2018 in accordance with the Statement.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and nonmajor fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the nonmajor fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Rogers, Anderson, Malachy & Scott, LLP.*

San Bernardino, California  
December 17, 2018





# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2018

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As management of the City of El Cajon, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

#### FINANCIAL HIGHLIGHTS

- The net position of the City decreased by \$3.3 million, to \$239.0 million, during fiscal year ended June 30, 2018. Of this amount, governmental activities net position accounts for \$176.7 million and business-type activities total \$62.3 million. The decrease in the net position was primarily due to the recognition of expenses related to pension benefits as required by GASB pronouncements.
- The City's total assets and deferred outflows were \$6.4 million higher than the prior the fiscal year. Capital assets increased by \$12.4 million as major construction projects were completed during the fiscal year. This increase was offset by a \$6.0 million decrease in deferred outflows resulting from pension expense recognized during the fiscal year.
- The City's total liabilities and deferred inflows increased \$9.7 million from the prior fiscal year. This increase is largely due to an increase in net pension liabilities.
- At June 30, 2018, the City's governmental funds reported combined fund balances of \$98.8 million, a \$1.2 million decrease from the prior year. The governmental funds cash and investments balance at June 30, 2018 decreased \$1.7 million to \$72.7 million.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of El Cajon's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes required supplementary information, and other supplementary information that presents additional detail to support the basic financial statements.

**Government-wide financial statements.** The government-wide financial provide a broad overview of the City's finances, in a manner similar to private-sector businesses. The government-wide financial statements can be found in section C of this report.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave).

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2018

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety consisting of police and fire, public works, parks and recreation, community development and capital projects. The business-type activity of the City includes wastewater operations.

The government-wide financial statements include not only the City (*primary government*), but also the El Cajon Public Financing Authority and the El Cajon Housing Authority, legally separate entities (component units) for which the City is financially accountable.

The relationships between the government-wide financial statements and the fund financial statements are summarized in the diagram that follows.

GOVERNMENT-WIDE FINANCIAL STATEMENTS					
Statement of Net Position				Statement of Activities	
Governmental Activities column		Business-type Activities column		Governmental Activities column	
FUND FINANCIAL STATEMENTS	Governmental Funds	Balance Sheet	n/a	Statement of Revenues, Expenditures, and Changes in Fund Balance	n/a
	Proprietary Funds	Internal Service Funds	Enterprise Funds	Internal Service Funds	Enterprise Funds
		Statement of Net Position	Statement of Net Position	Statement of Revenues, Expenses, and Changes in Fund Net Position	Statement of Revenues, Expenses, and Changes in Fund Net Position
FUND FINANCIAL STATEMENTS	Fiduciary Funds	n/a	n/a	n/a	n/a
					Statement of Fiduciary Net Position

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2018

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The focus of the governmental funds is narrower than that of the government-wide financial statements; therefore, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 17 individual governmental funds. Information is presented separately in the governmental fund financial statements for the following major governmental funds: General Fund, Low and Moderate Income Housing Asset Special Revenue Fund, HOME Special Revenue Fund, Public Safety Facilities Capital Projects Fund, and City Capital Improvement Program Capital Projects Fund. Data from the other 12 non-major governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

***Proprietary funds.*** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Wastewater activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses 5 internal service funds to account for its Vehicle Maintenance, Vehicle and Equipment Replacement, Self-Insurance, Information Technology Services, and Other Post-Employment Benefits. These services predominantly benefit governmental rather than business-type functions, so they have been included with governmental activities in the government-wide financial statements. Individual fund data for each of the internal service funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The basis of accounting for these funds is much like that used for proprietary funds.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are presented immediately following the basic financial statements.

**Other information.** This report also presents certain required supplementary information related to the City's progress in funding its pension and other post-employment benefits obligations and the General Fund's budgetary comparison schedule. The combining statements in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2018

#### FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

Net position over time may serve as a useful indicator of the City's financial position. At June 30, 2018, the net position of the City totaled \$239.0 million, which represents an overall decrease of \$3.0 million from the previous fiscal year.

City of El Cajon  
Statement of Net Position  
Data as of June 30, 2018 and 2017

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current & other assets	\$119,560,829	\$117,631,885	\$30,025,728	\$32,046,221	\$149,586,557	\$149,678,106
Capital assets, net	225,790,293	219,310,141	60,278,647	54,235,823	286,068,940	273,545,964
Total assets	345,351,122	336,942,026	90,304,375	86,282,044	435,655,497	423,224,070
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows	37,277,359	42,214,220	1,735,030	2,815,940	39,012,389	45,030,160
Total deferred outflows	37,277,359	42,214,220	1,735,030	2,815,940	39,012,389	45,030,160
<b>LIABILITIES</b>						
Long-term liabilities	10,048,961	10,287,701	17,515,571	16,090,182	27,564,532	26,377,883
Net pension liability	181,341,338	164,193,826	8,689,827	10,012,474	190,031,165	174,206,300
NET OPEB liability	1,865,706	2,318,996	157,845	196,194	2,023,551	2,515,190
Other liabilities	6,832,998	3,723,200	3,303,232	3,193,073	10,136,230	6,916,273
Total liabilities	200,089,003	180,523,723	29,666,475	29,491,923	229,755,478	210,015,646
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows	5,811,142	14,981,388	82,791	937,856	5,893,933	15,919,244
Total deferred inflows	5,811,142	14,981,388	82,791	937,856	5,893,933	15,919,244
<b>NET POSITION</b>						
Net investment in capital assets	224,144,319	217,482,744	43,106,240	38,505,588	267,250,559	255,988,332
Restricted	50,168,314	57,960,163	357,552	264,273	50,525,866	58,224,436
Unrestricted	(97,584,297)	(91,791,772)	18,826,347	19,898,344	(78,757,950)	(71,893,428)
Total net position	\$176,728,336	\$183,651,135	\$62,290,139	\$58,668,205	\$239,018,475	\$242,319,340

Governmental activities long-term liabilities increased due to the recognition of expenses related to pension and other post-employment benefits as required by GASB pronouncements, while the business-type activities long-term liabilities increased from the additional State Water Resources Control Board loan draws for the Johnson Avenue Sewer Replacement Project.

The largest portion of the City's total net position (\$267.3 million) reflects the investment in capital assets such as land, buildings, machinery and equipment, less any outstanding debt used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2018

An additional portion of the City's net position (\$50.5 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position can be used for ongoing operations without constraints established by debt covenants, enabling legislation, or other legal requirements. As of June 30, 2018 unrestricted net position was negative \$78.8 million.

#### City of El Cajon Statement of Activities Data as of June 30, 2018 and 2017

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 8,611,362	\$ 6,755,057	\$ 20,395,530	\$ 19,903,017	\$ 29,006,892	\$ 26,658,074
Operating grants & contributions	7,581,512	6,478,047	-	-	7,581,512	6,478,047
Capital grants & contributions	3,819,611	5,625,620	-	-	3,819,611	5,625,620
General revenues:						
Property taxes	18,709,738	17,575,902	-	-	18,709,738	17,575,902
Sales taxes	37,163,462	37,559,282	-	-	37,163,462	37,559,282
Other taxes	7,763,544	7,390,128	-	-	7,763,544	7,390,128
Intergovernmental	54,999	45,845	-	-	54,999	45,845
Interest earnings	402,994	241,282	144,106	146,614	547,100	387,896
Other	(356,651)	821,817	471,626	107,265	114,975	929,082
Total revenues	83,750,571	82,492,980	21,011,262	20,156,896	104,761,833	102,649,876
<b>EXPENSES</b>						
General government	8,375,482	9,205,742	-	-	8,375,482	9,205,742
Public safety	58,123,097	52,741,903	-	-	58,123,097	52,741,903
Public works	14,984,088	13,175,937	-	-	14,984,088	13,175,937
Recreation	4,916,098	3,242,986	-	-	4,916,098	3,242,986
Community development	4,223,953	3,089,380	-	-	4,223,953	3,089,380
Interest on long-term debt	50,652	55,909	-	-	50,652	55,909
Wastewater	-	-	17,389,328	19,429,363	17,389,328	19,429,363
Total expenses	90,673,370	81,511,857	17,389,328	19,429,363	108,062,698	100,941,220
Increase (decrease) in net position before transfers	(6,922,799)	981,123	3,621,934	727,533	(3,300,865)	1,708,656
Transfers	-	28,495	-	(28,495)	-	-
Change in net position	(6,922,799)	1,009,618	3,621,934	699,038	(3,300,865)	1,708,656
Net position, beginning restated	183,651,135	182,641,517	58,668,205	57,969,167	242,319,340	240,610,684
Net position, ending	\$ 176,728,336	\$ 183,651,135	\$ 62,290,139	\$ 58,668,205	\$ 239,018,475	\$ 242,319,340

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

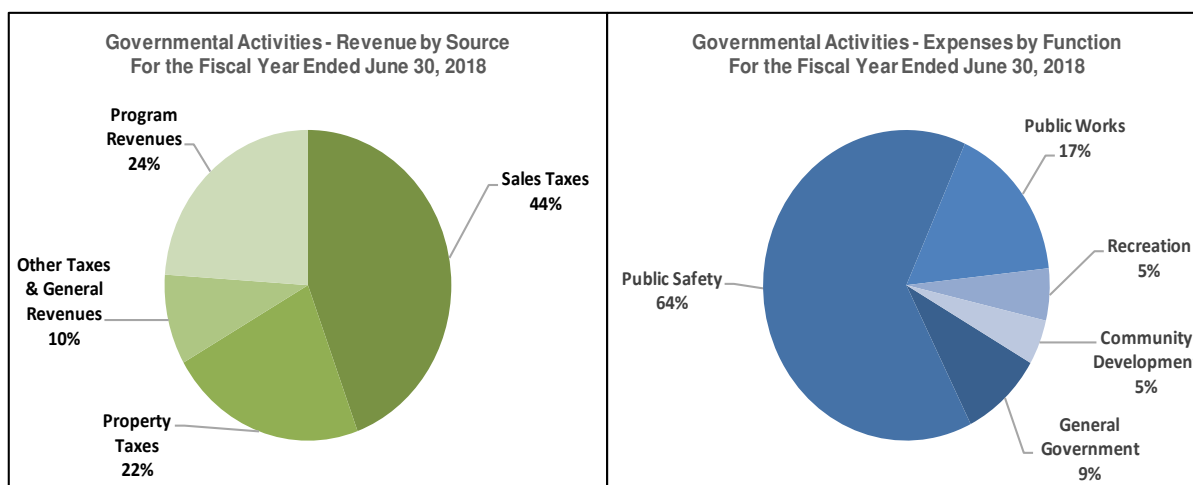
For the fiscal year ended June 30, 2018

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**Governmental activities.** Net position decreased by \$6.9 million during the fiscal year as a result of the City's governmental activities.

Key elements of these activities are as follows:

- Governmental activities expenses increased from last year by \$9.2 million primarily due to increased retirement benefit costs.
- Charges for services increased by \$1.9 million from the prior year as a result of development- and construction-related fees.
- Property taxes were higher by \$1.1 million or 6.5% from previous fiscal year because of increases in the assessed values for residential and commercial properties.



**Business-type activities.** The City's business-type activity consists solely of the wastewater enterprise fund, which reported a net position of \$62.3 million at June 30, 2018. Charges for services increased \$492,513 from the previous fiscal year, while expenses decreased \$2.0 million. As a result, revenues exceeded expenses by \$3.6 million.

The largest portion of the wastewater net position (\$43.1 million) reflects the investment in capital assets used to deliver wastewater services. Additionally, \$357,552 is restricted for debt service. The remaining balance of unrestricted net position can be used for ongoing operations without constraints established by enabling legislation or other legal requirements. As of June 30, 2018 unrestricted net position was \$18.8 million.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2018

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#### FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements.

At June 30, 2018, the City's governmental funds reported combined fund balances of \$98.8 million, a decrease of \$1.2 million. Approximately 21.5% of this amount (\$21.2 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is: a) not in spending form (\$7,071), b) restricted for particular purposes (\$34.2 million), c) committed for particular purposes (\$13.1 million), and d) assigned for particular purposes (\$30.3 million).

General Fund. This is the City's primary operating fund. As of June 30, 2018 unassigned fund balance of the General Fund was \$21.2 million, while the total fund balance was \$48.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 31.2% of total General Fund expenditures for the year.

Low and Moderate Income Housing Asset Special Revenue Fund. This fund accounts for the housing assets and functions of the former El Cajon Redevelopment Agency for the purpose of developing low to moderate income housing. As of June 30, 2018, the Low and Moderate Income Housing Asset Fund had assets of \$15.3 million, 75.3% of which were loans receivable.

HOME Special Revenue Fund. This fund accounts for HOME investment partnership grant funds received from the federal government for the purpose of providing affordable housing to low- and very low-income households. As of June 30, 2018, its first year as a major fund, total assets of the HOME fund was \$11.0 million, \$10.6 million of which were loan receivables.

Public Safety Facilities Capital Projects Fund. This fund accounts for activities associated with the construction or upgrade to police, fire, and animal control facilities. As of June 30, 2018, the ending fund balance was \$ 3.9 million, a decrease of \$8.7 million during the year. The special half-cent sales tax assessment levied to fund this activity expired on March 31, 2015. Expenditures rose to \$8.9 million as construction activity increased on the new animal care facility that opened for operations in May, 2018.

City Capital Improvement Program Projects Fund. This fund accounts for capital improvement activities related to City facilities. As of June 30, 2018, total fund balance was \$11.6 million. This represents a decrease of \$1.4 million from the previous fiscal year due to increased funding of facilities improvement projects.

Non-Major Governmental Funds. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The total ending fund balances for these funds was approximately \$9.2 million at June 30, 2018. Primarily due to the reclassification of the HOME Special Revenue Fund as a major fund, the non-major governmental fund balance decreased by \$9.4 million.



# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2018

**Proprietary funds.** The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

**Wastewater Enterprise Fund.** This fund is used to account for activities where fees are charged to external users for wastewater services. Operating revenues increased \$492,513 to \$20.4 million during the fiscal year; non-operating revenues were \$615,732. Operating expenses totaled \$17.4 million, a \$1.9 million decrease from the previous year. As a result of this activity, net position increased \$3.6. Net position as of June 30, 2018 was \$62.3 million.

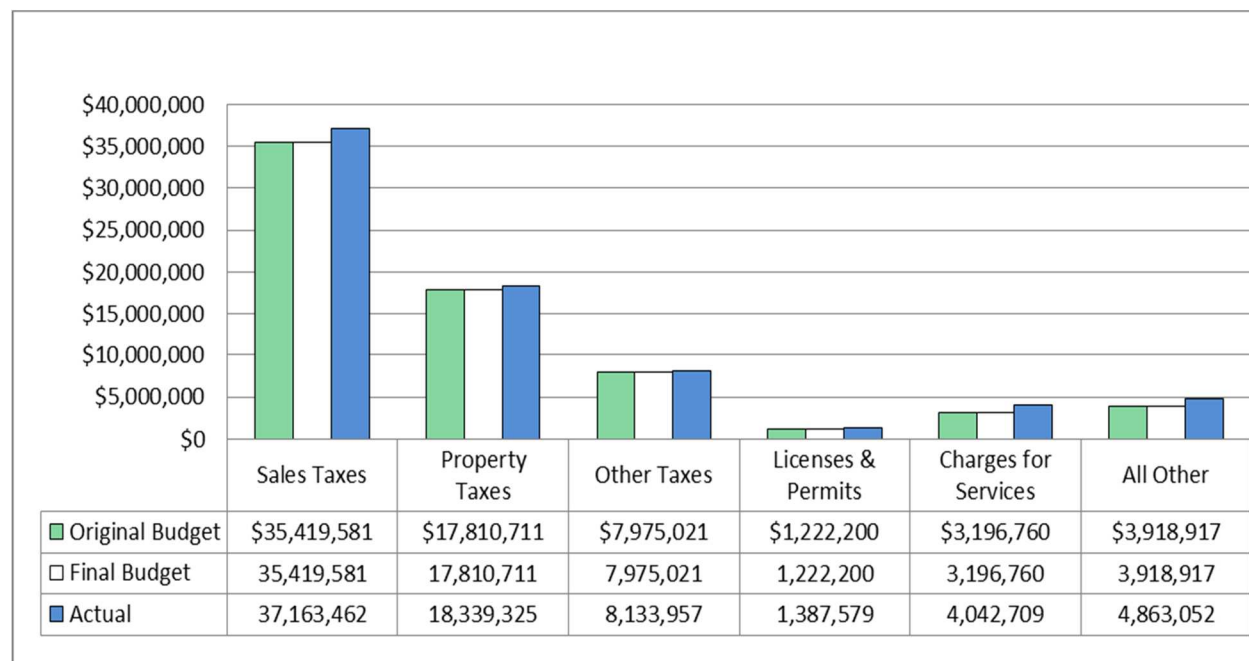
**Internal Service Funds.** These funds are used to account for the financing of goods or services provided by one fund/department to another fund/department on a cost-reimbursement basis. Additionally, an internal service fund is used to accumulate resources for the replacement of vehicles and equipment. The internal service funds net position at June 30, 2018, was \$11.5 million.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget anticipated General Fund revenues of \$69.5 million, expenditures of \$71.5 million, and other financing uses (transfers) of \$210,915. The following graphs depict the original budget, final budget, and actual results for General Fund revenues and expenditures.

Actual revenues performed better than budgetary expectations by approximately \$4.4 million. Total taxes accounted for \$2.4 million while intergovernmental revenues and charges for services exceeded expectations by \$717,143 and \$845,949, respectively.

### Comparison of General Fund Revenues: Budget vs. Actual for the fiscal year ended June 30, 2018



# CITY OF EL CAJON

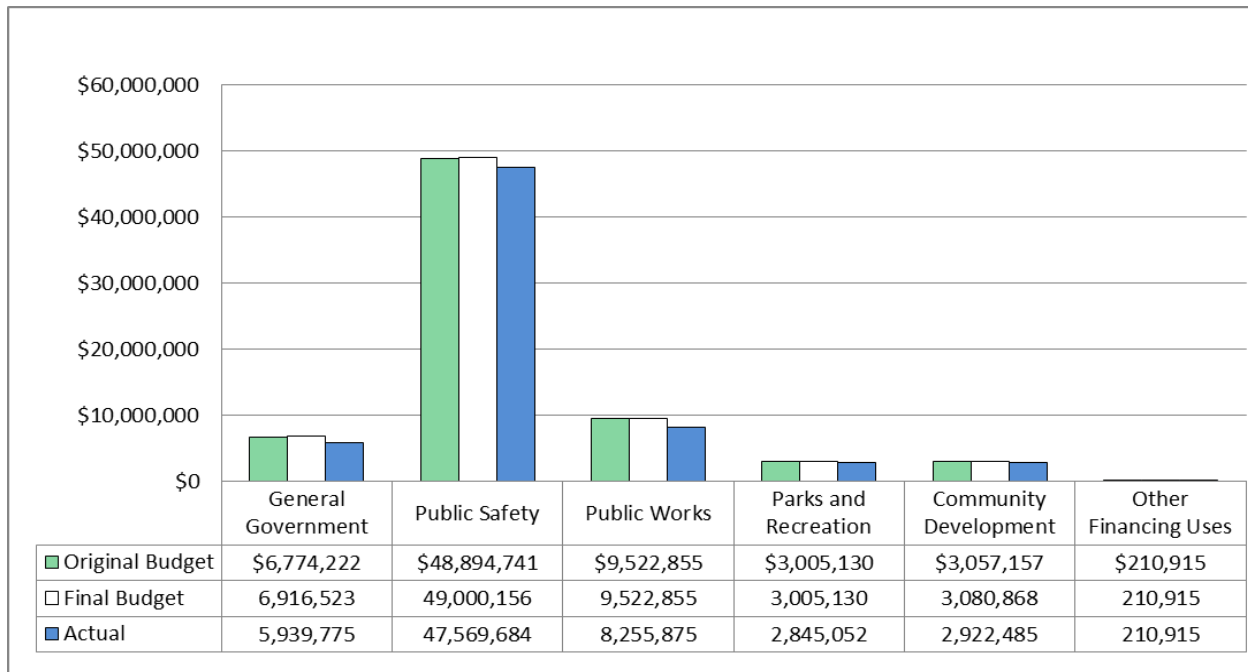
## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2018

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Actual expenditures were under the final budgeted expenditures by \$4.0 million. While budgetary savings were experienced throughout the General Fund, the largest cost savings were generated by the General Government (14.1% under budget) and Public Works (13.3% under budget) departments.

#### Comparison of General Fund Expenditures: Budget vs. Actual for the fiscal year ended June 30, 2018



The Budgetary Comparison Schedule showing more details of the General Fund original and final budgets can be found in the Required Supplementary Information.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2018

#### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** At June 30, 2018, the City reported capital assets with a carrying value of \$286.1 million, an increase of \$12.5 million from the prior year. Major projects that were completed during the fiscal year include the new Animal Shelter and Johnson Avenue Sewer Replacement Project. Additional information on capital assets can be found in the notes to the financial statements.

City of El Cajon  
Capital Assets (net of depreciation)  
Comparative Data as of June 30, 2018 and 2017

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 22,154,183	\$ 22,601,488	\$ 82,300	\$ 82,300	\$ 22,236,483	\$ 22,683,788
Rights of way	31,190,652	31,190,652	-	-	31,190,652	31,190,652
Construction in Progress	1,887,877	3,834,164	863,463	3,704,302	2,751,340	7,538,466
Use rights	1,703,311	1,853,603	-	-	1,703,311	1,853,603
Land improvements	2,960,697	3,575,466	-	-	2,960,697	3,575,466
Buildings & improvements	76,343,996	68,314,788	158,911	166,134	76,502,907	68,480,922
Machinery, equipment & vehicles	5,760,393	5,197,995	701,582	718,818	6,461,975	5,916,813
Interest in Mission Gorge Mains	-	-	7,543,075	7,727,053	7,543,075	7,727,053
Infrastructure	83,789,184	82,741,985	50,929,316	41,837,216	134,718,500	124,579,201
Total	\$ 225,790,293	\$ 219,310,141	\$ 60,278,647	\$ 54,235,823	\$ 286,068,940	\$ 273,545,964

**Long-term debt.** The City's long-term debts, as of June 30, 2018, are listed below. The increase is primarily due to the loan draws from State Water Resources Control Board for the Johnson Avenue Sewer Replacement Project. Additional information on the City's debt can be found in the notes to the financial statements.

City of El Cajon  
Long-Term Debt  
Comparative Data as of June 30, 2018 and 2017

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Capital lease	\$ 1,645,974	\$ 1,827,397	\$ -	\$ -	\$ 1,645,974	\$ 1,827,397
CA State Water Resources Loan	-	-	7,313,590	5,871,418	7,313,590	5,871,418
Due to City of San Diego	-	-	9,858,817	9,858,817	9,858,817	9,858,817
Total	\$ 1,645,974	\$ 1,827,397	\$ 17,172,407	\$ 15,730,235	\$ 18,818,381	\$ 17,557,632

# **CITY OF EL CAJON**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **For the fiscal year ended June 30, 2018**

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#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following factors were considered when preparing the City's General Fund budget for fiscal year 2018-19:

- The majority of sources of economic data report low rate of unemployment, growth in the Gross Domestic Product and real-estate markets, increasing taxable sales, and moderate inflation signaling a continued slow, steady growth in the economy.
- The fiscal year 2018-19 General Fund budget expects revenues and other financing sources to increase by 2.7 million, or 3.8%, compared to estimated actual revenues for fiscal year 2017-18. This is primarily due to anticipated growth in major revenue sources with the general improvement in the economy.
- The General Fund expenditure and other financing uses budget for fiscal year 2018-19 reflects an 11.2% increase, or \$8.0 million, compared to the amended fiscal year 17-18 budget. The majority of this increase is a one-time transfer of \$4.9 million to the City Capital Improvement Projects Fund. Contributing to the remainder of the increase is the continued escalation of CalPERS employer contribution rates, as well as other salary and benefit increases from negotiated labor agreements.
- The City could be placed in a significant financially precarious position in the event of a slowdown in the local economy. As such, prudent spending, strategic fiscal planning, and aggressive economic development efforts are vital to ensure the City's financial stability.

#### **REQUESTS FOR INFORMATION**

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report or need additional financial information, contact the City of El Cajon Finance Department, 200 Civic Center Way, El Cajon, CA 92020, (619) 441-1668 or visit the City's web site at [www.cityofelcajon.us](http://www.cityofelcajon.us).



# CITY OF EL CAJON

## Statement of Net Position

June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments (note B)			
Cash and investments	\$ 86,596,501	\$ 25,175,791	\$ 111,772,292
Cash and investments, restricted	-	357,552	357,552
Receivables:			
Accounts, net (note C)	264,466	4,349,026	4,613,492
Interest	350,456	106,745	457,201
Intergovernmental	1,669,427	-	1,669,427
Loans (note D)	23,082,268	-	23,082,268
Taxes	7,590,640	36,614	7,627,254
Prepaid items	7,071		7,071
Land held for resale (note E)	-	-	-
Capital assets (note F):			
Non-depreciable	55,232,712	945,763	56,178,475
Amortizable or depreciable	170,557,581	59,332,884	229,890,465
Total assets	<u>345,351,122</u>	<u>90,304,375</u>	<u>435,655,497</u>
Deferred outflows of resources (note G):			
Deferred outflows - pension	36,393,755	1,660,275	38,054,030
Deferred outflows - OPEB	883,604	74,755	958,359
Total deferred outflows of resources	<u>37,277,359</u>	<u>1,735,030</u>	<u>39,012,389</u>
Combined assets and deferred outflows of resources	<u>\$ 382,628,481</u>	<u>\$ 92,039,405</u>	<u>\$ 474,667,886</u>
Liabilities:			
Accounts payable	4,516,521	2,839,496	7,356,017
Accrued interest payable	25,163	77,651	102,814
Accrued liabilities	1,863,702	114,312	1,978,014
Deposits payable	238,545	271,773	510,318
Unearned revenue	189,067	-	189,067
Long-term liabilities (note I):			
Due within one year	4,439,583	421,911	4,861,494
Due in more than one year	5,609,378	17,093,660	22,703,038
Net pension liability (note L)	181,341,338	8,689,827	190,031,165
Net OPEB liability (note N)	1,865,706	157,845	2,023,551
Total liabilities	<u>200,089,003</u>	<u>29,666,475</u>	<u>229,755,478</u>
Deferred inflows of resources (note J):			
Deferred inflows - pension	4,989,696	82,791	5,072,487
Deferred inflows - unavailable revenue	821,446	-	821,446
Total deferred inflows of resources	<u>5,811,142</u>	<u>82,791</u>	<u>5,893,933</u>
Combined liabilities and deferred inflows of resources	<u>205,900,145</u>	<u>29,749,266</u>	<u>235,649,411</u>
Net position:			
Net investment in capital assets	224,144,319	43,106,240	267,250,559
Restricted for:			
Public safety facility project fund	3,904,121	-	3,904,121
Public safety	1,613,643	-	1,613,643
Public works	17,789,881	-	17,789,881
Recreation	195,433	-	195,433
Community development	26,665,236	-	26,665,236
Debt service	-	357,552	357,552
Unrestricted	(97,584,297)	18,826,347	(78,757,950)
Total net position	<u>\$ 176,728,336</u>	<u>\$ 62,290,139</u>	<u>239,018,475</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF EL CAJON**  
**Statement of Activities**  
**For the fiscal year ended June 30, 2018**

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 8,375,482	\$ 2,319,957	\$ -	\$ -
Public safety	58,123,097	2,018,135	2,863,744	79,487
Public works	14,984,088	1,728,558	2,337,164	2,842,467
Recreation	4,916,098	679,813	108,000	897,657
Community development	4,223,953	1,864,899	2,272,604	-
Interest on long-term debt	50,652	-	-	-
Total government activities	90,673,370	8,611,362	7,581,512	3,819,611
Business-type activities:				
Wastewater	17,389,328	20,395,530	-	-
Total business-type activities	17,389,328	20,395,530	-	-
Total	\$ 108,062,698	\$ 29,006,892	\$ 7,581,512	\$ 3,819,611

General revenues:

Taxes  
     Property taxes  
     Sales taxes  
     Franchise taxes  
     Transient lodging taxes  
     Business license taxes  
 Intergovernmental (unrestricted)  
 Investment earnings  
 Other  
 Transfers

Total general revenues and transfers

Change in net position

Net position, beginning  
 Prior period adjustment (note O)

Net position, beginning as restated

Net position, ending

The accompanying notes are an integral part of these financial statements.



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Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (6,055,525)	\$ -	\$ (6,055,525)
(53,161,731)	-	(53,161,731)
(8,075,899)	-	(8,075,899)
(3,230,628)	-	(3,230,628)
(86,450)	-	(86,450)
(50,652)	-	(50,652)
(70,660,885)	-	(70,660,885)
-	3,006,202	3,006,202
-	3,006,202	3,006,202
(70,660,885)	3,006,202	(67,654,683)
18,709,738	-	18,709,738
37,163,462	-	37,163,462
5,311,723	-	5,311,723
1,613,926	-	1,613,926
837,895	-	837,895
54,999	-	54,999
402,994	144,106	547,100
(356,651)	471,626	114,975
-	-	-
63,738,086	615,732	64,353,818
(6,922,799)	3,621,934	(3,300,865)
183,211,885	58,790,359	242,002,244
439,250	(122,154)	317,096
183,651,135	58,668,205	242,319,340
<u>\$ 176,728,336</u>	<u>\$ 62,290,139</u>	<u>\$ 239,018,475</u>

The accompanying notes are an integral part of these financial statements.



# CITY OF EL CAJON

## FUND FINANCIAL STATEMENTS

### MAJOR GOVERNMENTAL FUNDS

---

#### GENERAL FUND

**General Fund** - This is the City's primary operating fund. This fund accounts for all financial resources except those required to be accounted for in another fund. The fund will continue to exist indefinitely.

**SPECIAL REVENUE FUNDS** are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes. The following are the major Special Revenue Funds used by the City:

**Low and Moderate Income Housing Asset Fund** - This fund accounts for the committed, housing set-aside funds that were transferred from the former Redevelopment Agency when it was dissolved on February 1, 2012. This fund is used to increase, improve, and preserve affordable housing for low and moderate income residents of El Cajon.

**HOME** - This fund accounts for federal grants to support local affordable housing initiatives under the Home Investment Partnership Program.

**CAPITAL PROJECTS FUNDS** are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure. The following are the major Capital Projects Funds:

**Public Safety Facilities** - This fund was established to account for activities related to the construction of a new public safety center and animal shelter, as well as upgrades to existing fire stations. These projects are funded by a half-percent sales tax that was in place from April 2005 through March 2015 (Proposition O approved by voters in November 2004).

**City Capital Improvement Program** - This fund is used to account for repairs, improvements and the preservation of City owned facilities and equipment, additional public buildings and the acquisition of land.

# CITY OF EL CAJON

## Balance Sheet Governmental Funds June 30, 2018

		Special Revenue	
		Low and Moderate Income Housing Asset	HOME
	General		
Assets:			
Cash and investments (note B)	\$ 43,195,661	\$ 3,756,955	\$ 10,161
Receivables:			
Accounts (note C)	264,466	-	-
Interest	275,607	15,739	2,794
Intergovernmental	24,979	-	361,403
Loans (note D)	-	11,480,047	10,584,159
Taxes	7,554,498	-	-
Prepaid items	7,071	-	-
Due from other funds (note H)	367,395	-	-
Total assets	<u>51,689,677</u>	<u>15,252,741</u>	<u>10,958,517</u>
Total assets	<u>\$ 51,689,677</u>	<u>\$ 15,252,741</u>	<u>\$ 10,958,517</u>
Liabilities:			
Accounts payable	\$ 709,103	\$ 35,287	\$ 218
Accrued liabilities	1,753,320	-	-
Deposits payable	238,545	-	-
Due to other funds (note H)	-	-	-
Unearned revenue	189,067	-	-
Total liabilities	<u>2,890,035</u>	<u>35,287</u>	<u>218</u>
Deferred inflows of resources:			
Deferred inflows (note J)	-	821,446	-
Total deferred inflows of resources	<u>-</u>	<u>821,446</u>	<u>-</u>
Fund balance (note K):			
Nonspendable	7,071	-	-
Restricted	-	14,396,008	10,958,299
Committed	13,052,990	-	-
Assigned	14,500,000	-	-
Unassigned	21,239,581	-	-
Total fund balance	<u>48,799,642</u>	<u>14,396,008</u>	<u>10,958,299</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 51,689,677</u>	<u>\$ 15,252,741</u>	<u>\$ 10,958,517</u>

The accompanying notes are an integral part of these financial statements.

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Capital Projects			
Public Safety Facilities Project	City Capital Improvement Program	Total Non-Major Governmental	Total Governmental Funds
\$ 4,867,867	\$ 12,042,592	\$ 8,830,861	\$ 72,704,097
-	-	-	264,466
22,419	-	33,897	350,456
-	108,520	1,174,525	1,669,427
-	-	1,018,062	23,082,268
3,495	-	32,647	7,590,640
-	-	-	7,071
-	14,798	-	382,193
<u>4,893,781</u>	<u>12,165,910</u>	<u>11,089,992</u>	<u>106,050,618</u>
<u>\$ 4,893,781</u>	<u>\$ 12,165,910</u>	<u>\$ 11,089,992</u>	<u>\$ 106,050,618</u>
\$ 989,660	\$ 548,081	\$ 1,511,899	\$ 3,794,248
-	-	37,397	1,790,717
-	-	-	238,545
-	-	382,193	382,193
-	-	-	189,067
<u>989,660</u>	<u>548,081</u>	<u>1,931,489</u>	<u>6,394,770</u>
-	-	-	821,446
-	-	-	<u>821,446</u>
-	-	-	7,071
-	-	8,841,038	34,195,345
-	-	-	13,052,990
3,904,121	11,617,829	325,808	30,347,758
-	-	(8,343)	21,231,238
<u>3,904,121</u>	<u>11,617,829</u>	<u>9,158,503</u>	<u>98,834,402</u>
<u>\$ 4,893,781</u>	<u>\$ 12,165,910</u>	<u>\$ 11,089,992</u>	<u>\$ 106,050,618</u>

The accompanying notes are an integral part of these financial statements.



**CITY OF EL CAJON**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**Governmental Funds**  
**June 30, 2018**

---

Fund balances of governmental funds (page 23)	\$ 98,834,402
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of depreciation used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Capital assets	371,822,236
Accumulated amortization or depreciation	(149,009,123)
Other Post Employment Benefits (OPEB) related adjustments that are not financial resources and, therefore, not reported in the governmental funds.	
Deferred outflows of resources	863,357
Net OPEB liability	(1,822,957)
Expenditures in the governmental funds that are recorded when paid and are recorded as a liability for the purposes of the statement of net position.	
Compensated absences payable	(6,007,232)
Capital lease payable	(1,645,974)
Pension related adjustments that are not financial resources and, therefore, not reported in the governmental funds.	
Deferred outflows of resources	35,903,873
Deferred inflows of resources	(4,965,268)
Net pension liability	(178,777,319)
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position:	
Capital assets, net of accumulated depreciation	2,977,180
Deferred outflows	510,129
Compensated absences	(259,613)
Claims payable	(2,136,142)
Deferred inflows	(24,428)
Net pension liability	(2,564,019)
Net OPEB liability	(42,749)
Other assets and liabilities	13,071,983
Net position of governmental activities (page 17)	<u>\$ 176,728,336</u>

The accompanying notes are an integral part of these financial statements.



# CITY OF EL CAJON

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the fiscal year ended June 30, 2018

		Special Revenue	
	General	Low and Moderate Income Housing Asset	HOME
Revenues:			
Charges for services	\$ 4,511,374	\$ -	\$ -
Intergovernmental	1,363,679	-	878,654
Investment earnings	263,139	43,407	(478)
Licenses and permits	1,387,579	-	-
Other	3,327,173	773,290	1,380
Taxes	63,636,745	-	-
Total revenues	<u>74,489,689</u>	<u>816,697</u>	<u>879,556</u>
Expenditures:			
Current			
General government	5,939,775	-	-
Public safety	47,569,684	-	-
Public works	8,255,875	-	-
Recreation	3,395,666	-	-
Community development	2,922,485	126,285	25,798
Capital outlay	-	-	-
Debt service			
Interest	-	-	-
Principal	-	-	-
Total expenditures	<u>68,083,485</u>	<u>126,285</u>	<u>25,798</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,406,204</u>	<u>690,412</u>	<u>853,758</u>
Other financing sources (uses):			
Transfers in	210,915	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>210,915</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,617,119	690,412	853,758
Fund balances, beginning	39,177,923	13,705,596	10,104,541
Prior period adjustment (note O)	3,004,600	-	-
Fund balance, beginning restated	<u>42,182,523</u>	<u>13,705,596</u>	<u>10,104,541</u>
Fund balances, ending	<u>\$ 48,799,642</u>	<u>\$ 14,396,008</u>	<u>\$ 10,958,299</u>

The accompanying notes are an integral part of these financial statements.

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Capital Projects			
Public Safety Facilities Project	City Capital Improvement Program	Non-Major	Total Governmental Funds
\$ -	\$ -	\$ 50,449	\$ 4,561,823
50,000	-	6,311,879	8,604,212
58,004	-	38,923	402,995
-	-	-	1,387,579
2,545	208,003	55,741	4,368,132
29,488	-	1,899,752	65,565,985
<u>140,037</u>	<u>208,003</u>	<u>8,356,744</u>	<u>84,890,726</u>
5,504	-	-	5,945,279
-	-	505,485	48,075,169
-	186,858	2,750,766	11,193,499
-	-	73,426	3,469,092
-	-	504,074	3,578,642
8,844,768	1,298,812	3,411,615	13,555,195
-	-	76,147	76,147
-	-	181,423	181,423
<u>8,850,272</u>	<u>1,485,670</u>	<u>7,502,936</u>	<u>86,074,446</u>
<u>(8,710,235)</u>	<u>(1,277,667)</u>	<u>853,808</u>	<u>(1,183,720)</u>
-	24,798	3,303,487	3,539,200
-	(113,374)	(3,425,826)	(3,539,200)
-	(88,576)	(122,339)	-
(8,710,235)	(1,366,243)	731,469	(1,183,720)
12,614,356	12,984,072	8,427,034	97,013,522
-	-	-	3,004,600
<u>12,614,356</u>	<u>12,984,072</u>	<u>8,427,034</u>	<u>100,018,122</u>
<u>\$ 3,904,121</u>	<u>\$ 11,617,829</u>	<u>\$ 9,158,503</u>	<u>\$ 98,834,402</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF EL CAJON

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Governmental Funds For the fiscal year ended June 30, 2018

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Net changes in fund balances - total governmental funds (page 27)	\$ (1,183,720)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays excluding the internal service funds exceeded depreciation in the current period.	
Capital outlay	12,358,218
Amortization or depreciation expense	(6,353,854)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Capital lease payable	181,423
The statement of activities includes the reversal of the prior year accrued interest payable on long term debt.	
	25,492
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
	612,262
Net difference in current year pension plan contribution and pension plan expense as of the measurement date.	
	(12,928,505)
Net difference in current year OPEB contribution and OPEB expense as of the measurement date.	
	451,160
Internal service funds are not governmental funds. However, they are used by management to charge the net costs of certain activities such as insurance, vehicle maintenance and replacement, information technology replacement to individual governmental funds. The net expense of the internal service funds is reported with governmental activities.	
	<u>(85,275)</u>
Changes in net position of governmental activities (page 19)	<u>\$ (6,922,799)</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF EL CAJON**  
**FUND FINANCIAL STATEMENTS**  
**PROPRIETARY FUNDS**

---

**ENTERPRISE FUNDS** are used to account for activities where fees are charged to external users for goods or

***Wastewater*** - This fund accounts for the sanitary sewer disposal and maintenance of the City's sewer lines and related facilities. It is a self-supporting activity that provides services on a user charge basis to residences and businesses.

**INTERNAL SERVICE FUNDS** account for the charges to the City departments or other funds, on a cost-reimbursement basis, for equipment, benefits, insurance, and other administration services. The Internal Service Funds primarily serve governmental activities of the City.

# CITY OF EL CAJON

## Statement of Net Position

### Proprietary Funds

June 30, 2018

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
Assets and deferred outflows of resources:		
Current assets:		
Cash and investments (note B)		
Cash and investments	\$ 25,175,791	\$ 13,892,404
Cash and investments, restricted	357,552	-
Receivables:		
Accounts, net of allowance for bad debt (note C)	4,349,026	-
Interest	106,745	-
Taxes	36,614	-
Total current assets	<u>30,025,728</u>	<u>13,892,404</u>
Non-current assets:		
Capital assets, not being depreciated (note F):		
Land	82,300	-
Construction in progress	863,463	-
Capital assets, being depreciated, net (note F):		
Buildings and improvements	158,911	-
Machinery and equipment	28,423	367,966
Vehicles	673,159	2,609,214
Interest in Mission Gorge Mains	7,543,075	-
Infrastructure	50,929,316	-
Total non-current assets	<u>60,278,647</u>	<u>2,977,180</u>
Deferred outflows of resources (note G):		
Deferred outflows of resources related to pensions	1,735,030	510,129
Total deferred outflows of resources	<u>1,735,030</u>	<u>510,129</u>
Total assets and deferred outflows of resources	<u>92,039,405</u>	<u>17,379,713</u>
Liabilities and deferred inflows of resources:		
Current liabilities:		
Accounts payable	2,839,496	747,436
Accrued interest payable	77,651	-
Accrued liabilities	114,312	72,985
Claims payable-current (note I and P)	-	765,000
Compensated absences payable (note I)	175,945	84,035
Deposits payable	271,773	-
California State Water Resources Control Board (note I)	245,966	-
Total current liabilities	<u>3,725,143</u>	<u>1,669,456</u>
Non-current liabilities:		
Claims payable (note I and P)	-	1,371,142
Compensated absences payable (note I)	167,219	175,578
California State Water Resources Control Board (note I)	7,067,624	-
San Diego Metropolitan Wastewater System (note I)	9,858,817	-
Net pension liability (note L)	8,689,827	2,564,019
Net OPEB liability (note N)	157,845	42,749
Total non-current liabilities	<u>25,941,332</u>	<u>4,153,488</u>
Deferred inflows of resources (note J):		
Deferred inflows of resources related to pensions	82,791	24,428
Total deferred inflows of resources	<u>82,791</u>	<u>24,428</u>
Total liabilities and deferred inflows of resources	<u>29,749,266</u>	<u>5,847,372</u>
Net position:		
Net investment in capital assets	43,106,240	2,977,180
Restricted	357,552	-
Unrestricted	18,826,347	8,555,161
Total net position	<u>\$ 62,290,139</u>	<u>\$ 11,532,341</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF EL CAJON

## Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the fiscal year ended June 30, 2018

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
Operating revenues:		
Charges for services	\$ 20,137,592	\$ 9,317,029
Fines	251,638	-
Licenses and permits	6,300	-
Total operating revenues	20,395,530	9,317,029
Operating expenses:		
Salaries and benefits	1,968,407	3,613,242
Materials, services and supplies	13,700,759	4,101,167
Insurance claims/premiums	-	1,823,858
Depreciation	1,720,162	692,871
Total operating expenses	17,389,328	10,231,138
Operating income (loss)	3,006,202	(914,109)
Non-operating revenues (expenses):		
Investment earnings	144,106	-
Gain (loss) on disposal of assets	7,950	29,423
Other revenue	577,886	799,411
Interest expense	(114,210)	-
Total non-operating revenues (expenses)	615,732	828,834
Income (loss) before operating transfers	3,621,934	(85,275)
Change in net position	3,621,934	(85,275)
Net position, beginning	58,790,359	11,650,699
Prior period adjustment (note O)	(122,154)	(33,083)
Net position, beginning as restated	58,668,205	11,617,616
Net position, ending	\$ 62,290,139	\$ 11,532,341

The accompanying notes are an integral part of these financial statements.

**CITY OF EL CAJON**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2018**

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and charges to other funds	\$ 20,094,344	\$ 9,389,849
Payments to suppliers	(13,671,497)	(5,372,728)
Payments to employees	(3,101,206)	(3,190,098)
Net cash provided by operating activities	3,321,641	827,023
Cash flows from noncapital financing activities:		
Other revenue	577,886	799,411
Net cash provided by noncapital financing activities	577,886	799,411
Cash flows from capital and related financing activities:		
Proceeds from long term borrowing	1,712,729	-
Proceeds from sale of vehicles and equipment	7,950	24,698
Acquisitions of infrastructure, vehicles and equipment	(7,762,985)	(1,059,272)
Repayment of long term borrowing (principal)	(270,557)	-
Repayment of long term borrowing (interest)	(86,995)	-
Net cash (used for) capital and related financing activities	(6,399,858)	(1,034,574)
Cash flows from investing activities:		
Interest and dividends received	120,627	-
Net cash provided by investing activities	120,627	-
Net increase (decrease) in cash and cash equivalents	(2,379,704)	591,860
Cash and cash equivalents, beginning	27,913,047	13,300,544
Cash and cash equivalents, ending	<u>\$ 25,533,343</u>	<u>\$ 13,892,404</u>
Reconciliation of cash and cash equivalents at end of year to the Statement of Net Position:		
Cash and investments	\$ 25,175,791	\$ 13,892,404
Cash and investments, restricted	357,552	-
Total cash and cash equivalents at end of year	<u>\$ 25,533,343</u>	<u>\$ 13,892,404</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 3,006,202	\$ (914,109)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation expense	1,720,162	692,871
Pension related adjustments	(1,135,151)	(173,082)
Changes in assets and liabilities:		
(Increase) in accounts receivable, net of allowance for bad debt	(328,586)	-
Increase (decrease) in taxes receivable	(7,147)	72,820
Increase (decrease) in accounts payable	29,262	552,299
Increase (decrease) in accrued liabilities	19,135	41,279
Increase (decrease) in deposits payable	34,547	-
Increase (decrease) in claims payable	-	380,000
Increase (decrease) in compensated absences payable	(16,783)	174,945
Net cash provided by operating activities	<u>\$ 3,321,641</u>	<u>\$ 827,023</u>
Noncash investing, capital, and financing activities:		
Capital contribution of infrastructure	\$ -	\$ -
Capital asset (infrastructure) included in accounts payable	-	104,662

The accompanying notes are an integral part of these financial statements.

# CITY OF EL CAJON

## FUND FINANCIAL STATEMENTS

### FIDUCIARY FUNDS

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**FIDUCIARY FUNDS** are used to report assets held by the City in a custodial or agency capacity for other funds, governments or individuals. The City reports the following two types of fiduciary funds:

***Agency Funds*** are custodial in nature. These funds are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs. The City's Agency Funds are used to account for miscellaneous deposits for other agencies and for the financial transactions of the Heartland Communications Facility Authority and Heartland Fire Training Authority.

***Private Purpose Trust Fund*** is used to report resources held and administered under trust or similar arrangement for the benefits of individuals, private organizations or other governments. In fiscal year 2012, a private-purpose trust fund was established for the Successor Agency to the Former El Cajon Redevelopment Agency to account for the activities related to the dissolution of the former redevelopment agency.



**CITY OF EL CAJON**  
**Statement of Fiduciary Net Position (Deficit)**  
**Fiduciary Funds**  
**June 30, 2018**

	Agency Funds	Private Purpose Trust Fund Successor Agency to the Former El Cajon Redevelopment Agency	Total
<b>Assets:</b>			
Cash and investments	\$ 3,351,755	\$ 8,454,601	\$ 11,806,356
Cash with fiscal agent	-	2,959,488	2,959,488
Receivables:			
Accounts	87,390	-	87,390
Intergovernmental	446,978	-	446,978
Interest	14,019	21,505	35,524
Loans	-	1,900,000	1,900,000
Prepays	-	246,250	246,250
<b>Total assets</b>	<b>3,900,142</b>	<b>13,581,844</b>	<b>17,481,986</b>
<b>Deferred outflow of resources</b>			
Deferred amount on refunding	-	918,860	918,860
<b>Total deferred outflow of resources</b>	<b>-</b>	<b>918,860</b>	<b>918,860</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,900,142</b>	<b>\$ 14,500,704</b>	<b>18,400,846</b>
<b>Liabilities:</b>			
Accounts payable	\$ 64,635	\$ 3,884,155	\$ 3,948,790
Accrued liabilities	68,289	-	68,289
Deposits payable	-	5,000	5,000
Interest payable	-	689,501	689,501
Long-term debt	-	57,674,172	57,674,172
Sundry agency liabilities	3,767,218	-	3,767,218
<b>Total liabilities</b>	<b>\$ 3,900,142</b>	<b>\$ 62,252,828</b>	<b>\$ 66,152,970</b>
<b>Net position (deficit):</b>			
Held in trust for Successor Agency to the El Cajon Redevelopment Agency		<b>\$ (47,752,125)</b>	<b>\$ (47,752,125)</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF EL CAJON**  
**Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Fund**  
**For the fiscal year ended June 30, 2018**

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	<b>Private Purpose Trust Fund</b>
	<b>Successor Agency to the Former El Cajon Redevelopment Agency</b>
Additions:	
Property taxes	\$ 5,234,640
Intergovernmental	42,414
Investment earnings	43,486
Loss from assets held for resale	<u>(1,053,599)</u>
Total additions	<u>4,266,941</u>
Deductions:	
Administrative expenses	151,746
Program/project expenses	1,438,559
Payments to affected taxing entities	4,171,264
Interest and fiscal agent expenses	<u>3,681,685</u>
Total deductions	<u>9,443,254</u>
Change in net position	(5,176,313)
Net position (deficit), beginning	<u>(42,575,812)</u>
Net position (deficit), ending	<u><u>\$ (47,752,125)</u></u>

The accompanying notes are an integral part of these financial statements.



# **CITY OF EL CAJON**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

### **For the fiscal year ended June 30, 2018**

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#### **NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of El Cajon have been prepared in conformity with generally accepted accounting principles in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

##### **1. Reporting entity**

The City of El Cajon (City), which was established on November 12, 1912, is a legal subdivision of the State of California charged with governmental powers. The City's powers are exercised through a five member City Council which serves as its governing body. As required by generally accepted accounting principles in the United States of America (GAAP), the accompanying financial statements present the activities of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.

##### **2. Component units**

Because of their relationship with the City and the nature of their operations, component units are, in substance, part of the City's operations and, accordingly, the activities of these component units are blended with the activities of the City for purposes of reporting in the accompanying basic financial statements. While each of these component units is legally separate from the City, the City is financially accountable for these entities. Financial accountability is demonstrated by the City Council acting as the governing board for each of the component units.

Descriptions of the City's blended component units are as follows:

##### El Cajon Housing Authority

The City Council adopted Resolution No. 32-11 on March 9, 2011, declaring the need for the El Cajon Housing Authority (Housing Authority), pursuant to Health and Safety Code Section 34200 et. seq. The City Council serves as the Commissioners of the Housing Authority. On January 24, 2012, the Commissioners appointed certain City staff to serve as officials of the Housing Authority, and authorized the Housing Authority to accept the housing assets and enforceable obligations from the former El Cajon Redevelopment Agency. There are no separately issued financial statements for the Housing Authority.

##### El Cajon Public Financing Authority

The El Cajon Public Financing Authority (ECPFA) is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement (JPA Agreement), dated November 9, 2004, between the City and the former Redevelopment Agency. The JPA Agreement was entered into pursuant to the California Government Code, commencing with Section 6500. The Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of aiding the financing of projects for the City and the former Redevelopment Agency. A five-member Board governs the Authority. The City's council members constitute the Board of the Authority. Although the ECPFA is a component unit of the City of El Cajon, there were no transactions this fiscal year; therefore, there was nothing to blend. Moreover, there are no separately issued financial statements for ECPFA this fiscal year.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2. Component units (continued)

##### Successor Agency to the Former El Cajon Redevelopment Agency

Pursuant to the Dissolution Act, on January 2012, the City Council adopted a resolution electing to serve as the Successor Agency to the former El Cajon Redevelopment Agency. The Successor Agency is a separate legal entity from the City that operates under the auspices of a legislatively formed Oversight Board comprised of representatives of the affected taxing entities of the redevelopment project area. The Oversight Board is tasked with fulfilling the obligations of the former Redevelopment Agency, including but not limited to maintaining necessary bond reserves and disposing of excess property. Pursuant to Health and Safety Code Section 34179 (j), on and after July 1, 2018, the Successor Agency to the El Cajon Redevelopment Agency will be under the oversight of the County of San Diego Countywide Redevelopment Successor Agency Oversight Board. Additional information regarding the change in Oversight Board and the Successor Agency's financial transactions are presented in a separately issued financial statements available at <https://www.cityofelcajon.us/your-government/departments/community-development/successor-agency/documents>.

#### 3. Basic financial statements

##### Government-Wide Statements

The statement of net position and the statement of activities display information about the primary government (the City) and its blended component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Included in direct expenses are certain incidental indirect costs. These indirect costs are not reported separately and, as such, are included as part of the program expense reported for the individual functions and activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

##### Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary (agency and private-purpose trust) funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3. Basic financial statements (continued)

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

##### Major Funds

The City's major governmental and business-type funds are presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of fund-type.

Major governmental funds are defined as funds that meet both of the following criteria:

- *Ten percent criterion* – Any governmental fund that reports at least 10 percent of *any* of the following: total governmental fund assets; total governmental fund liabilities; total governmental fund revenues; or total governmental fund expenditures.
- *Five percent criterion* – Any individual governmental fund that reports at least 5 percent of the total for both governmental and enterprise funds of any one of the items for which it met the 10 percent criterion above.

The City reported the following major governmental funds in the accompanying financial statements:

*General Fund.* The General Fund is always a major fund. This is the City's primary operating fund. This fund accounts for all financial resources except those required to be accounted for in another fund. The fund will continue to exist indefinitely.

The General Fund information presented in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds, are presented in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As such, the Recreation Special Programs Special Revenue Fund is included with the General Fund. The combination of this fund with the General Fund is presented in the Supplementary Information section in these financial statements.

*Low and Moderate Income Housing Asset Special Revenue Fund.* This fund accounts for the housing enforceable obligations of the former El Cajon Redevelopment Agency for the purpose of developing low to moderate income housing.

*HOME Special Revenue Fund.* This fund accounts for federal grants to support local affordable housing initiatives under the Home Investment Partnership Program. This fund is not annually budgeted because its fund activities (housing loans) are of a long-term basis.

*Public Safety Facilities Capital Project Fund.* This fund accounts for monies to be utilized for construction of public safety facilities throughout the City.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3. Basic financial statements (continued)

*City Capital Improvement Program.* This fund accounts for repairs, improvements and the preservation of City owned facilities and equipment, additional public buildings and the acquisition of land. The City reports the following major enterprise fund:

*Wastewater.* This fund primarily accounts for the sanitary sewer disposal and maintenance of the City's sewer lines and related facilities. It is a self-supporting activity that provides services on a user charge basis to residences and businesses.

The City also reports the following fund types:

*Internal Service Funds.* These funds account for the maintenance, operation, and fueling of the City's automotive equipment, replacement of the City's automotive equipment, replacement of the City's information technology equipment and systems, payment of liability premiums and insurance claims both current and future, and post-employment benefits, all of which are provided to other departments on a cost-reimbursement basis.

*Fiduciary Funds.* These funds account for assets held by the City in a purely custodial capacity for other funds, governments or individuals, and are not included in the Government-Wide Statements.

#### 4. Basis of accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic-resources measurement focus* and the *full accrual* basis of accounting, although Agency Funds have no measurement focus. Revenues are recorded when *earned* and expenses are recorded at the same time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds financial statements are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end for such items as property taxes, sales taxes, and transient occupancy taxes. Intergovernmental revenues received as a reimbursement of expenditures are considered available if collected within six months of year-end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*. The City allocates certain indirect expenses incurred by the general government activity to those activities that benefit.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 5. Implementation of New Governmental Accounting Standards Board (GASB) Pronouncement

Beginning with the fiscal year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. This statement replaces the requirements of Statements No. 45 for accounting and financial reporting for Other Post-Employment Benefits. The disclosures required by this statement provide decision-useful information, supporting assessments of accountability and interperiod equity, and the creation of additional transparency.

#### 6. Property taxes

The County of San Diego (County) bills and collects property taxes on behalf of numerous special districts and incorporated cities, including the City of El Cajon. The City's current year tax collection is received through periodic apportionments from the County. The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on the property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Since the passage of California's Proposition 13, beginning with fiscal Year 1978-79 general property taxes are based either on a flat 1% rate applied to the 1975-76 full value of the property or on 1% of the sales price of any property sold or of the cost of any new construction after the 1975-76 valuations. Taxable values of properties (exclusive of increases related to sales and new construction) can rise at a maximum of 2% per year.

#### 7. Budgetary information

Budgets are generally prepared on a basis consistent with generally accepted accounting principles (GAAP), with the exception of General Fund and one fund that was considered a special revenue fund prior to the implementation of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. These two funds are budgeted as separate individual funds, but are consolidated into the General Fund for financial reporting purposes. The budget process includes submittal of each department's budget request for the next fiscal year, a detailed review of each department's proposed budget by the City Manager, and a preliminary budget that is transmitted from the City Manager to the City Council for its review before the required date of adoption. Once transmitted to the City Council, the preliminary budget is made available for inspection. Prior to adoption, a budget workshop meeting is held by the City Council. Additionally, a public hearing is held to give the public the opportunity to comment upon the preliminary budget. Notice of such public hearing is given in a newspaper of general circulation.

The approval of the budget is accomplished by the adoption of a Budget Resolution by the City Council, prior to the beginning of the fiscal year. The level of budgetary control is at the department level. For purposes of this requirement, each fund, other than the General Fund, is considered to be a separate department. The City Manager is authorized to transfer appropriations within a departmental budget. Any appropriations transfers between funds require City Council approval. Appropriations lapse at year-end to the extent that they have not been expended. All governmental funds have appropriated adopted annual budgets except for all capital projects funds and the following special revenue funds: CDBG, HOME and Various Donations.



# **CITY OF EL CAJON**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the fiscal year ended June 30, 2018**

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### **NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **8. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. A listing of significant encumbrances outstanding at year-end is included in Note Q – Commitments and Contingencies.

#### **9. Claims and judgments**

The City provides for public liability claims and judgments through its self-insurance fund. The costs of claims and judgments are recorded when the liability is incurred and measurable. The City also purchases excess public liability insurance above self-insured retention amounts.

#### **10. Cash and cash equivalents**

City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

#### **11. Investments**

In accordance with GASB Statement No. 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

In the accompanying financial statements, investments are stated at fair value except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. In the fund financial statements, changes in fair value that occur during a fiscal year are recognized as "Investment earnings" reported for the fiscal year. "Investment earnings" includes interest earnings, changes in fair value and any gains or losses realized upon the liquidation or sale of investments.

#### **12. Prepaid items**

Prepaid items represent expenses paid late in the current fiscal year for services to be provided early in the following fiscal year. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased (consumption method).

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 13. Capital assets

Capital assets, which include land; buildings and improvements; machinery and equipment; interest in Mission Gorge Mains and infrastructure assets (i.e., roads, bridges, curbs and gutters, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as those with an initial, individual cost of \$10,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are recorded at acquisition value on the date contributed.

The estimated useful lives of capital assets using the straight-line method of depreciation are as follows:

Category	Useful Life
Infrastructure	20 - 60 years
Buildings and improvements	10 - 50 years
Machinery and equipment	2 - 20 years
Interest in Mission Gorge Mains	60 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Improvements are capitalized and depreciated (if applicable) over the remaining useful lives of the related capital assets. Capital assets and the related obligations acquired under lease/purchase agreements, if any, are capitalized and accounted for in accordance with the FASB Codification.

#### 14. Interfund transactions and balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered and are recorded as transfers in or out.

#### 15. Deferred Outflows or Inflows of Resources

*Deferred Outflows of Resources.* This is the consumption of net assets by the government that is applicable to a future reporting period and has a positive effect on net position, similar to assets.

*Deferred Inflows of Resources.* This is an acquisition of net assets by the government that is applicable to a future reporting period and has a negative effect on net position, similar to liabilities.

# **CITY OF EL CAJON**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

### **For the fiscal year ended June 30, 2018**

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#### **NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **16. Fund balances**

The components of the fund balances of governmental funds now reflect the classifications as described below.

Nonspendable fund balance – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance – includes amounts that can be used only for specific purposes as determined by the City Council. The City Council has the authority to establish, modify, or rescind a fund balance commitment, which may be done in conjunction with the adoption of the annual budget resolution, or by a separate action taken during a properly noticed City Council meeting.

Assigned fund balance – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. The City Manager is the designated official for establishing fund balance assignments per City Council Policy No. B-12, Fund Balance.

Unassigned fund balance – includes any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The City Council Policy on Fund Balance (No. B-12) also establishes the order of use of unrestricted fund balance. Committed amounts should be reduced first, followed by assigned amounts, then the unassigned amounts.

In the General Fund, Committed fund balance represents the operating reserve equal to 20% of annual expenditures, adjusted each year in conjunction with the City Council's adoption of the annual budget. Assigned fund balance is an amount to assist in accelerating the reduction of the unfunded pension liability and stabilize service levels during economic uncertainty. Unassigned fund balance represents the residual fund balance and is to mitigate the effects of unforeseen changes in revenues and/or expenditures.

In the Special Revenue, Capital Projects and Debt Service Funds, Assigned fund balance represents the intent to utilize this portion of fund balance for the purposes that these funds were established.

##### **17. Net position flow assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 18. Pension

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net pension liability is the Plan's total pension liability based on entry age normal actuarial cost method less the plan's fiduciary net position. This may be a negative liability (net pension asset).

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. This may be a negative expense (pension income).

Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liability and fiduciary net position that are to be recognized in future pension expense.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. The following timeframes were used in these financial statements.

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017

#### 19. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

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#### NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 20. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates. Management believes that the estimates are reasonable.

##### 21. Prior year data

Prior year amounts on the Statement of Net Activities have been reclassified to conform to current year presentation of the same information. Total Governmental Activities and Net Position are not affected by this reclassification.

#### NOTE B: CASH AND INVESTMENTS

Cash and investments as of June 30, 2018, totaled \$126,895,688, and are reflected in the accompanying financial statements and consist of the following:

Cash and investments in the financial statements		Cash and investments consist of the following	
STATEMENT OF NET POSITION:			
Cash and investments	\$ 111,772,292	Cash on hand	\$ 4,845
Cash and investments, restricted	357,552	Deposits with financial institutions	19,414,130
		Investments	107,476,713
FIDUCIARY FUNDS			
Cash and investments	11,806,356		
Cash and investments with fiscal agent	2,959,488		
Total cash and investments	<u>\$ 126,895,688</u>	Total cash and investments	<u>\$ 126,895,688</u>

#### Investments Authorized by the California Government Code and City's Investment Policy

The following table lists some of the investment types authorized for the City by the California Government Code Section 53601 and the City's investment policy. The table also identifies certain provisions of the California Government Code or the City's investment policy, if more restrictive, that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

#### NOTE B: CASH AND INVESTMENTS (continued)

<u>Investment Types Authorized by State Law and the City's Investment Policy</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Bank Deposits	N/A	N/A	None
Certificates of Deposits	N/A	30%	None
Placement Service Deposits	N/A	30%	None
Securities of the US Government or its Agencies	5 years	None	None
US Treasury Bills, Notes, Bonds or Certificates	5 years	None	None
Medium-Term Notes	5 years	30%	None
Municipal Debt	5 years	20%	None
Supranationals	5 years	30%	None
Asset-Backed Securities	5 years	20%	None
Bankers' Acceptance	180 days	30%	None
Commercial paper	270 days	25%	10%
Repurchase Agreements	30 days	30%	None
Money Market Mutual Funds	N/A	15%	10%
County of San Diego Treasury	N/A	30%	None
JPA Pools (other investment pools)/CAMP	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 65,000,000 <i>per LAIF account</i>

#### Investments Authorized by Debt Agreements

The debt agreements govern the investment of debt proceeds held by bond trustee rather than the general provisions of the California Government Code or the City's investment policy. The following table identifies the investment types that are generally authorized for investments with fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
General Obligations of States	None	None	None
US Treasury Obligations	None	None	None
US Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Pre-Refunded Municipal Obligations	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 65,000,000 <i>per LAIF account</i>

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

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#### NOTE B: CASH AND INVESTMENTS (continued)

##### Investments Authorized by Debt Agreements

The debt agreements govern the investment of debt proceeds held by bond trustee rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are generally authorized for investments with fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
General Obligations of States	None	None	None
US Treasury Obligations	None	None	None
US Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Pre-Refunded Municipal Obligations	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 65,000,000 <i>per LAIF account</i>

##### Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF has a maximum transaction of 15 per month with a minimum amount of \$5,000. Any withdrawal of \$10,000,000 requires 24-hour notice.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The maximum investment in LAIF is \$65,000,000 per account.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

#### NOTE B: CASH AND INVESTMENTS (continued)

##### Investment in JPA Pool/CAMP

The City is a voluntary participant in the CAMP Trust (Trust), which was established as a nontaxable investment portfolio under provisions of the California Joint Exercise of Powers Act to provide California Public Agencies with comprehensive investment management services. There are no minimum deposit requirements or limits on deposits and withdrawals. Dividends from net investment income are declared on a daily basis and paid on the last day of the month. Dividends paid are automatically reinvested in each account by the purchase of additional shares. The contract creating the Trust specifies the types of investments that can be made by the investment portfolio with available cash: U.S. Government securities, securities of federally sponsored agencies, repurchase agreements, banker's acceptances, negotiable certificates of deposit and commercial paper. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by CAMP.

##### Interest Rate Risk and Interest Rate Fluctuations

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investments (including investments held by bond trustees) did not include investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information below).

One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investment by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in months)</u>			
		<u>12 or less</u>	<u>13 to 24</u>	<u>25 to 60</u>	<u>&gt; 60</u>
US Agency securities	\$ 37,547,661	\$ 13,613,647	\$ 16,705,670	\$ 7,228,344	\$ -
US Treasuries	18,550,324	7,809,134	-	10,741,190	-
Corporate notes	17,531,764	4,968,260	4,671,338	7,892,166	-
CAMP cash pool	53,805	53,805	-	-	-
LAIF (2 accounts)	30,833,670	30,833,670	-	-	-
Held by fiscal agent	-	-	-	-	-
LAIF	845,807	845,807	-	-	-
Invesco STIT Treasury Private	2,113,682	2,113,682	-	-	-
<b>Total</b>	<b>\$ 107,476,713</b>	<b>\$ 60,238,005</b>	<b>\$ 21,377,008</b>	<b>\$ 25,861,700</b>	<b>\$ -</b>



# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

#### NOTE B: CASH AND INVESTMENTS (continued)

##### Fair Value Measurement

The hierarchy levels for investments as of June 30, 2018, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Investments by fair value level</u>			
US Agency securities	\$ -	\$ 37,547,661	\$ -
US Treasuries	18,550,324	-	-
Corporate notes	-	17,531,764	-
Total investments by fair value level	<u>\$ 18,550,324</u>	<u>\$ 55,079,425</u>	<u>\$ -</u>

##### Investments measured at the net asset value (NAV)

Held by fiscal agent

Invesco STIT Treasury Private	<u>\$ 2,113,682</u>
Total investments measured at net asset value (NAV)	<u>\$ 2,113,682</u>

##### Investments not subject to GASB Statement No. 72

CAMP cash pool	\$ 53,805
LAIF (2 accounts)	30,833,670
Held by fiscal agent	
LAIF	<u>845,807</u>
Total investments not subject to GASB Statement No. 72	<u>\$ 31,733,282</u>

##### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>S&amp;P Rating</u>	<u>Moody's Rating</u>	<u>Not Rated</u>
US Agency securities	\$ 37,547,661	N/A	AA+	Aaa	\$ -
US Treasuries	18,550,324	N/A	AA+	Aaa	-
Corporate notes	17,531,764	"A category"	A-/A+/AA-/AA+/AAA	A2/A1/Aa1/Aa3/Aa1/Aaa	-
CAMP cash pool	53,805	N/A	AAAm	Not Rated	-
LAIF (2 accounts)	30,833,670	N/A	Not Rated	Not Rated	30,833,670
Held by fiscal agent					
LAIF	845,807	N/A	Not Rated	Not Rated	845,807
Invesco STIT Treasury Private	2,113,682	N/A	AAAm	Aaa-mf	-
Total	<u>\$ 107,476,713</u>				

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE B: CASH AND INVESTMENTS (continued)

#### Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S.

Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Type</u>	<u>Amount</u>
Federal National Mortgage Association	Federal Agency Securities	\$ 21,769,558
Federal Home Loan Mortgage Corporation	Federal Agency Securities	9,863,127
Federal Home Loan Banks	Federal Agency Securities	5,914,976

#### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2018, none of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts.

For the investments with fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

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#### NOTE C: ACCOUNTS RECEIVABLE AND ALLOWANCE FOR BAD DEBT

Accounts receivable and related allowance for bad debt are as follows:

<b>Governmental Activities:</b>		<b>Business-type Activities:</b>	
General Fund	\$ 264,466	Wastewater	\$ 4,769,026
		Less allowance for bad debt	(420,000)
Total Governmental Activities	\$ 264,466		\$ 4,349,026

Allowance for bad debt is recognized to ensure that receivables are not overstated due to uncollectible accounts. Bad debt reserve is maintained for accounts receivable based on a variety of factors, including the length of time receivables are past due, economic conditions, significant one-time events, and historical experience.

#### NOTE D: LOANS RECEIVABLE

**Lexington Avenue Senior Apartments** **\$ 220,000**

In fiscal year 1994, the City and the former Redevelopment Agency entered into a Disposition and Development Agreement with a Lexington Avenue Senior Apartments to provide for the development of affordable housing on certain property situated within the Project Area. The former Redevelopment Agency loaned \$550,000, which is to be repaid in forty equal annual installments of \$13,750 each, with no interest. If the apartments remain in compliance with the provisions of the agreement during the one-year period preceding the due date of the note installment, the installment is forgiven and the principal balance of the note is reduced by the amount forgiven. This loan is now an asset of the El Cajon Housing Authority as the successor housing entity. At the end of the agreement, fiscal year 2034, the property will revert to the El Cajon Housing Authority.

**Chambers Senior Residences, L.P.** **\$ 5,299,872**

In fiscal year 2010, the former Redevelopment Agency entered into a Disposition Development Agreement with Chambers Senior Residences, L.P. for the development and construction of affordable housing units for forty-eight senior households with very low income and family households with moderate income. The former Redevelopment Agency agreed to provide a loan up to \$4,500,000, secured by a Deed of Trust. The loan bears interest at the rate of 3%. Loan repayments will be based on residual receipts from the monies earned on the property once it is built. The balance outstanding includes principal and accrued interest of \$4,500,000 and \$799,872 respectively, at June 30, 2018.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2018**

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**NOTE D: LOANS RECEIVABLE (continued)**

**South Sunshine Associates, L.P.** **\$ 1,118,739**

In fiscal year 2016, the City entered into a HOME Funding Agreement with South Sunshine Associates, L.P. for the acquisition and development of a 70-unit affordable housing project tailored to low-income families and veteran households. The City agreed to provide a loan up to \$1,200,000, secured by a Deed of Trust. The loan is due on or before July 31, 2073 with an interest rate of 3% starting to accrue upon project completion. As of June 30, 2018, the balance outstanding includes a loan disbursement of \$1,118,739 for the acquisition and development of the property.

**South Sunshine Associates, L.P.** **\$ 877,338**

In fiscal year 2018, the El Cajon Housing Authority entered into an Affordable Housing Agreement with South Sunshine Associates, L.P. for the construction development of a 70-unit affordable housing project tailored to low-income families and veteran households. The Housing Authority agreed to provide a loan up to \$1,300,000, secured by a Deed of Trust and Assignment of Rents. Loan repayments will be based on residual receipts from the monies earned on the property once it is built. The loan is due on or before December 31, 2070 with an interest rate of 3%. As of June 30, 2018, the balance outstanding includes a loan disbursement of \$873,089 and accrued interest of \$4,249.

**Other Various Housing Loans** **\$ 15,566,319**

The City and the Housing Authority have made various acquisition and rehabilitation loans to low income households during the past few years. Provided that the Borrower continues to occupy the property as their primary residence, the principal sum is to be repaid upon the sale, transfer or change in title to the property. A few of the loans are forgivable if the Borrower meets certain criteria. The loans are secured by a Deed of Trust. The outstanding balances on these loans are as follows: CDBG \$304,938; HOME \$9,465,420; CAL HOME \$713,124; and Housing Authority (Low/Moderate Income Housing Assets) \$5,082,837.

**Total Loans Receivable** **\$ 23,082,268**

**NOTE E: LAND HELD FOR RESALE**

In September, 2016, the real property located at 812-816 Grossmont Avenue was deeded back to the El Cajon Housing Authority as security for a defaulted housing loan totaling \$647,365. The property had an appraised value of \$568,000 at the time of the transfer.

On June 23, 2017, the El Cajon Housing Authority entered into a Disposition Development Agreement with San Diego Habitat for Humanity Inc. (Developer) for the sale and development of two existing residential units. The Developer acquired the real property from the Housing Authority for \$640,000. The Developer made a down payment of \$300,000 and a promissory note was executed for the remaining \$340,000 (reported in Note D Loans Receivable – Other Various Housing Loans.)

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

#### NOTE F: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 22,601,488	\$ -	\$ (447,305)	\$ 22,154,183
Rights of way	31,190,652	-	-	31,190,652
Construction in progress	3,834,164	1,675,053	(3,621,340)	1,887,877
Total assets, not being depreciated:	57,626,304	1,675,053	(4,068,645)	55,232,712
Capital assets being amortized or depreciated:				
Use rights	2,003,895	-	-	2,003,895
Land improvements	8,019,204	104,900	-	8,124,104
Buildings and improvements	92,475,468	10,715,580	-	103,191,048
Machinery and equipment	6,257,792	638,501	-	6,896,293
Vehicles	11,125,507	1,137,789	(293,256)	11,970,040
Infrastructure	191,829,475	3,323,700	-	195,153,175
Total assets being amortized or depreciated	311,711,341	15,920,470	(293,256)	327,338,555
Less accumulated amortization or depreciation for:				
Use rights	(150,292)	(150,292)	-	(300,584)
Land improvements	(4,443,738)	(719,669)	-	(5,163,407)
Buildings and improvements	(24,160,680)	(2,686,372)	-	(26,847,052)
Machinery and equipment	(3,883,075)	(505,067)	-	(4,388,142)
Vehicles	(8,302,229)	(708,825)	293,256	(8,717,798)
Infrastructure	(109,087,490)	(2,276,501)	-	(111,363,991)
Total accumulated amortization or depreciation	(150,027,504)	(7,046,726)	293,256	(156,780,974)
Total capital assets being amortized or depreciated, net	161,683,837	8,873,744	-	170,557,581
Governmental activity capital assets, net	\$ 219,310,141	\$ 10,548,797	\$ (4,068,645)	\$ 225,790,293
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 82,300	\$ -	\$ -	\$ 82,300
Construction in progress	3,704,302	684,303	(3,525,142)	863,463
Total assets, not being depreciated:	3,786,602	684,303	(3,525,142)	945,763
Capital assets being depreciated:				
Buildings and improvements	427,527	-	-	427,527
Machinery and equipment	134,113	-	-	134,113
Vehicles	2,417,115	118,231	(40,502)	2,494,844
Interest in Mission Gorge Mains	11,038,654	-	-	11,038,654
Infrastructure	87,460,909	10,485,594	-	97,946,503
Total assets being depreciated	101,478,318	10,603,825	(40,502)	112,041,641
Less accumulated depreciation for:				
Buildings and improvements	(261,393)	(7,223)	-	(268,616)
Machinery and equipment	(103,066)	(2,624)	-	(105,690)
Vehicles	(1,729,344)	(132,843)	40,502	(1,821,685)
Interest in Mission Gorge Mains	(3,311,601)	(183,978)	-	(3,495,579)
Infrastructure	(45,623,693)	(1,393,494)	-	(47,017,187)
Total accumulated depreciation	(51,029,097)	(1,720,162)	40,502	(52,708,757)
Total capital assets being depreciated, net	50,449,221	8,883,663	-	59,332,884
Business-type activity capital assets, net	\$ 54,235,823	\$ 9,567,966	\$ (3,525,142)	\$ 60,278,647

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

#### NOTE F: CAPITAL ASSETS (continued)

Amortization and depreciation expense are charged to functions based on their usage of the related assets. The amounts allocated to each function are as follows:

<b>Governmental Activities:</b>		<b>Business-Type Activities:</b>	
General government	\$ 977,958	Wastewater	\$ 1,720,162
Public safety	2,931,965		
Public works	2,419,232		
Recreation	632,294		
Community development	85,277		
Total depreciation expense	<u>\$ 7,046,726</u>	Total depreciation expense	<u>\$ 1,720,162</u>

#### NOTE G: DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow of resources related to pensions and other post-employment benefits including contributions subsequent to the measurement date, amortization of differences between expected and actual experiences, and amortization of the net difference between projected and actual earnings on pension plan investments.

<b>Deferred Outflows of Resources</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Deferred Outflows of Resources Related to Pensions	\$ 36,393,755	\$ 1,660,275
Deferred Outflows of Resources Related to Other Post-Employment Benefits	883,604	74,755
Total Deferred Outflows of Resources	<u>\$ 37,277,359</u>	<u>\$ 1,735,030</u>

#### NOTE H: INTERFUND BALANCES AND TRANSFERS

Interfund Balances (Due To/Due From):

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>	<u>Due Within One Year</u>
	<b>NON-MAJOR FUNDS</b>		
General Fund	Special Revenue	\$ 353,776	\$ 353,776
General Fund	Capital Projects	13,619	13,619
City Capital Improvement Program Fund	Special Revenue	14,798	14,798
Totals		<u>\$ 382,193</u>	<u>\$ 382,193</u>

All items are for short-term working capital deficits financed primarily with the receipt of grants in the next fiscal year.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

### NOTE H: INTERFUND BALANCES AND TRANSFERS (continued)

Interfund Transfers (Transfer In/Transfer Out):

	TRANSFER IN			
TRANSFERS OUT	MAJOR FUND		NON-MAJOR FUNDS	Total
	General Fund	City Capital Improvement Program Project	Capital Projects	
MAJOR FUNDS				
City Capital Improvement Program Project	\$ -	\$ -	\$ 113,374	\$ 113,374
NON-MAJOR FUNDS				
Special Revenue	210,915	24,798	815,599	1,051,312
Capital Projects	-	-	2,374,514	2,374,514
Total	\$ 210,915	\$ 24,798	\$ 3,303,487	\$ 3,539,200

Transfers are used to subsidize various programs and capital projects.

### NOTE I: LONG-TERM LIABILITIES

Summary of the changes in long-term liabilities for the fiscal year ended June 30, 2018, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Compensated absences	\$ 6,704,162	\$ 3,020,969	\$ (3,458,286)	\$ 6,266,845	\$ 3,488,100
Claims payable (note O)	1,756,142	380,000	-	2,136,142	750,000
Capital lease	1,827,397	-	(181,423)	1,645,974	186,483
Total governmental activities	<u>\$ 10,287,701</u>	<u>\$ 3,400,969</u>	<u>\$ (3,639,709)</u>	<u>\$ 10,048,961</u>	<u>\$ 4,424,583</u>
<b>Business-Type Activities</b>					
Compensated absences	\$ 359,947	\$ 174,044	\$ (190,827)	\$ 343,164	\$ 175,945
CA State Water Resources	5,871,418	1,712,729	(270,557)	7,313,590	245,966
SD Metro Wastewater System	9,858,817	-	-	9,858,817	-
Total business-type activities	<u>\$ 16,090,182</u>	<u>\$ 1,886,773</u>	<u>\$ (461,384)</u>	<u>\$ 17,515,571</u>	<u>\$ 421,911</u>

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

### NOTE I: LONG-TERM LIABILITIES (continued)

#### Compensated absences:

Compensated absences balances for the fiscal year ended June 30, 2018, are as follows:

Governmental Activities:		Business-Type Activities:	
MAJOR FUNDS		MAJOR FUNDS	
General Fund	\$ 5,908,312	Wastewater enterprise	\$ 343,164
NON-MAJOR SPECIAL REVENUE FUNDS			
Gas Tax	82,756		
Transit	16,164		
INTERNAL SERVICE FUNDS			
	259,613		
Total	<u>\$ 6,266,845</u>	Total	<u>\$ 343,164</u>

#### Capital lease:

**County of San Diego** **\$ 1,645,974**

In October 2016, the City entered into an installment sale agreement (Agreement) with the County of San Diego (County). The County's Regional Communication System (RCS) provides a standardized communication services platform to public safety and public service agencies operating in San Diego and Imperial Counties. The initial system became operational in 1998 and had an anticipated end-of-life in 2012. Work began to replace the aging system in 2013. The City's continued participation in the system has obligated the City to its proportionate share the cost of the RCS upgrade. The Agreement between the City and the County represents the City's share of the backbone infrastructure, including radio equipment.

The leased asset, Use Right (Note F), is amortized on a straight line basis over 10 years. At June 30, 2018, the net book value of the asset is \$1,703,311, which consists of \$2,003,895 initial cost, less accumulated amortization of \$300,584.

The future minimum lease payments by fiscal year and the present value of the minimum lease payments is as follows:

Year ending June 30	
2019	\$ 232,407
2020	232,407
2021	232,407
2022	232,407
2023	232,407
2024-2026	697,220
Total minimum lease payments	\$ 1,859,255
Less: interest at 2.79%	(213,281)
Present value of minimum lease payments	<u>\$ 1,645,974</u>



# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE I: LONG-TERM LIABILITIES (continued)

#### Note payable:

#### California State Water Resources Control Board

**\$ 7,313,590**

The City entered into an installment sale agreement (Agreement) with the California State Water Resources Control Board (CSWRCB) to finance the construction of the Johnson Avenue Sewer Interceptor Project (Project) in March 2014, amended in April 2015, and in June 2017, wherein the City agreed to sell to CSWRCB and CSWRCB purchased from the City the Project. Simultaneously, the City purchased from the CSWRCB and the CSWRCB sold to the City the Project. All rights, title and interest in the Project immediately vests with the City on the date of execution and delivery of the Agreement.

The CSWRCB agreed to provide funding for this project of up to \$11,300,000 at an interest rate of 2.1% per annum payable in annual installments beginning October 19, 2016 through October 19, 2035. Funding has been provided in full or in part by the Clean Water State Revolving Fund (CWSRF) through an agreement with the CSWRCB. CWSRF is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. Contingent on the City's performance under this Agreement, CSWRCB agrees to forgive \$2,000,000 of the principal due under this Agreement.

#### Pledged revenues

The City has pledged the Net Revenues of the Wastewater Enterprise Fund, and any Reserve Fund, towards this obligation until the note is paid off. The City also agreed, to the extent permitted by law, to fix, prescribe and collect sewer rates during each Fiscal Year necessary to yield Net Revenues that are at least 1.2 times the highest year's debt service under this Agreement, or 1.1 times the highest year's debt service for all debts. As of June 30, 2018, pledged net revenues and debt service are \$7,076,149 and \$357,552, respectively.

#### Reserve fund

The CSWRCB also required that the City maintain and fund a separate account for a Reserve Amount, up to an amount not exceeding the lesser of (i) ten percent of the aggregate principal amount of the obligation, (ii) the maximum annual debt service with respect to the obligation, or (iii) 125 percent of the average annual debt service with respect to the obligation. As of June 30, 2018, the City has restricted cash and investments in the amount of \$357,552 for this purpose.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

#### NOTE I: LONG-TERM LIABILITIES (continued)

##### Note payable (continued):

##### Debt service requirement

The debt service requirement provided by CSWRCB, and presented below, is based on the \$5,313,590 non-forgivable portion only. A debt service requirement for the forgivable portion, \$2,000,000, will not be established by CSWRCB unless the City fails to meet the performance criteria under this Agreement.

Year ending June 30	Principal	Interest	Total
2019	\$ 245,966	\$ 111,585	\$ 357,551
2020	251,131	106,420	357,551
2021	256,405	101,146	357,551
2022	261,790	95,762	357,552
2023	267,287	90,264	357,551
2024-2028	1,423,026	364,731	1,787,757
2029-2033	1,578,853	208,904	1,787,757
2034-2036	1,029,132	43,523	1,072,655
Totals	\$ 5,313,590	\$ 1,122,335	\$ 6,435,925

##### **Obligation due to San Diego Metropolitan Wastewater System**

**\$ 9,858,817**

In a prior year, the City entered into an agreement to reimburse the City of San Diego, as operator of the San Diego Metropolitan Wastewater System (SDMWS) for costs incurred by SDMWS in the construction of the Mission Gorge Mains. The parties are in agreement as to the obligation; however, both the total dollar amount to be remitted and the amounts of the annual installments are still being negotiated by the parties. No agreement has been made with respect to whether or not interest will be applied to the obligation.

#### NOTE J: DEFERRED INFLOWS OF RESOURCES

Deferred inflow of resources for the fiscal year ended June 30, 2018, is as follows:

	General	Special Revenue Housing Authority	Internal Service Funds	Wastewater Fund	Totals
PENSIONS					
Changes of assumptions	\$ 1,321,826	\$ -	\$ -	\$ -	\$ 1,321,826
Differences between expected and actual experience	3,643,442	-	24,428	82,791	3,750,661
UNAVAILABLE REVENUE					
Loans receivable	-	821,446	-	-	821,446
Totals	\$ 4,965,268	\$ 821,446	\$ 24,428	\$ 82,791	\$ 5,893,933

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

#### NOTE K: FUND BALANCE, DEFICITS AND EXPENDITURES IN EXCESS OF APPROPRIATIONS

Fund balance for the fiscal year ended June 30, 2018, are as follows:

	General	Special Revenue		Capital Projects		Non-Major	Total
		Low and Moderate Income		Public Safety	City Capital		Governmental
		Housing Asset	HOME	Facilities Project	Improvement Program Project		Funds
Nonspendable							
Prepaid items	\$ 7,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,071
Restricted							
Animal shelter operations	-	-	-	-	-	41,458	41,458
Animal shelter project	-	-	-	-	-	262,856	262,856
Community development	-	3,737,407	374,140	-	-	294,859	4,406,406
Loans receivable (note D)	-	10,658,601	10,584,159	-	-	1,018,062	22,260,822
Public safety	-	-	-	-	-	1,309,329	1,309,329
Public works project	-	-	-	-	-	923,326	923,326
RTCIP impact fee	-	-	-	-	-	344,015	344,015
RMRA	-	-	-	-	-	601,892	601,892
Transportation projects	-	-	-	-	-	4,045,241	4,045,241
Committed	13,052,990	-	-	-	-	-	13,052,990
Assigned							
Capital projects	-	-	-	3,904,121	11,617,829	325,808	15,847,758
Economic uncertainty	6,500,000	-	-	-	-	-	6,500,000
Unfunded retirement obligations	8,000,000	-	-	-	-	-	8,000,000
Unassigned	21,239,581	-	-	-	-	(8,343)	21,231,238
Totals	<u>\$ 48,799,642</u>	<u>\$ 14,396,008</u>	<u>\$ 10,958,299</u>	<u>\$ 3,904,121</u>	<u>\$ 11,617,829</u>	<u>\$ 9,158,503</u>	<u>\$ 98,834,402</u>

Fund deficits for individual funds that are aggregated are listed below. The deficits in the funds are due to expenditures being incurred before the revenue has been received.

	Deficit Balances
NON-MAJOR CAPITAL PROJECTS FUNDS:	
Parks and Recreation Improvement Grants Fund	\$ 6,351

Excess of Expenditures over Appropriations:

	Appropriations	Expenditures	Excess Expenditures Over Appropriations
Local Public Safety Fund	\$ 327,059	\$ 333,860	\$ 6,801

The excess in expenditures over appropriations in the Local Public Safety Special Revenue Fund at the fiscal year ended June 30, 2018 is attributed to a timing difference for the accrual of the interest payment for the County RCS capital lease.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE L: DEFINED BENEFIT PENSION PLANS

#### 1. Pension Plan Description

##### Plan Description

The City provides retirement benefits to all eligible employees (employees who work at least 1,000 hours per fiscal year) through California Public Employees' Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for participating public entities within the State of California. Retirement benefits under a defined benefit plan (Plan) is based on a formula, rather than contributions and earnings to a savings plan, and are calculated based on a member's years of service credit, age at retirement and final compensation (average salary for a defined period of employment). There are three basic types of retirement: Non-Industrial Disability retirement for employees who can no longer perform the usual duties of their current position due to illness or injury, Industrial Disability retirement for safety risk pool (police and fire) employees who are unable to perform the usual duties of their current position due to job-related illness or injury, and Service retirement or "normal" retirement. The benefit provisions and all other requirements are established by State Statute, as recently amended by the Public Employees' Pension Reform Act (PEPRA), and City ordinance.

The Plan consists of individual rate plans (benefit tiers) within a safety risk pool and a miscellaneous risk pool (all other). Rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. The City sponsors five rate plans (three safety and two miscellaneous). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. CalPERS' comprehensive annual financial report and a full description of the pension plan regarding benefit provisions, assumptions and membership information are available online at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The rate plan provisions and benefits in effect at June 30, 2018, are summarized as noted below. All members have a benefit vesting schedule of five years of service and receive benefit payments monthly for life.

	CLASSIC MEMBER Membership date prior to January 1, 2013			PEPRA MEMBER Membership date on or after January 1, 2013	
	MISCELLANEOUS	SAFETY		MISCELLANEOUS	SAFETY
		TIER 1	TIER 2		
Benefit formula	3.0% @ 60	3.0% @ 50	3.0% @ 55	2.0% @ 62	2.7% @ 57
Retirement age	50 - 60+	50+	50 - 55+	52 - 67+	50 - 57+
Monthly benefits, % eligible compensation	2.0% to 3.0%	3.00%	2.4% to 3.0%	1.0% to 2.5%	2.0% to 2.7%
Member Paid Contribution Rate	8.000%	9.000%	9.000%	6.250%	12.250%
Employer Contribution Rate	33.761%	47.459%	42.057%	33.761%	47.459%

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE L: DEFINED BENEFIT PENSION PLANS (continued)

#### 1. Pension Plan Description (continued)

##### Employees Covered

During the 2016-17 measurement period, the following number of employees were covered by the benefit terms of the Plan:

	MISCELLANEOUS	SAFETY
Inactive employees or beneficiaries currently receiving benefits	479	291
Inactive employees entitled to but not yet receiving benefits	280	116
Active employees	229	168
Totals	<u>988</u>	<u>575</u>

##### Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers to be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The total contributions to the Plan for the fiscal year ended June 30, 2018, is \$14,135,106.

#### 2. Net Pension Liability Information

The City reported a net pension liability of \$190,031,165. The net pension liability is measured as the total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position. The net pension liability is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The City's net pension liability was based on a projection of the City's long-term contributions to the plan, actuarially determined.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE L: DEFINED BENEFIT PENSION PLANS (continued)

#### 2. Net Pension Liability Information (continued)

##### Assumptions

Following is a summary of principal assumptions and methods used to determine the net pension liability.

ACTUARIAL COST METHOD	Entry Age Normal in accordance with the requirements of GASB68
ACTUARIAL METHOD/PERIOD	For details, see June 30, 2016 Funding Valuation Report available online at <a href="http://www.calpers.ca.gov">www.calpers.ca.gov</a>
ACTUARIAL ASSUMPTIONS	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Salary increases	Varies by entry age and service
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

Change of Assumptions: In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In, 2016 there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

##### Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" is available online at [www.calpers.ca.gov](http://www.calpers.ca.gov), under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

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#### NOTE L: DEFINED BENEFIT PENSION PLANS (continued)

##### 2. Net Pension Liability Information (continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the PERF funds' asset classes (which includes the current plan and two cost-sharing or PERF A, B, and C funds), expected compound (geometric) returns over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

<u>ASSET CLASS</u>	<u>CURRENT TARGET ALLOCATION</u>	<u>REAL RETURN YEARS 1-10<sup>(a)</sup></u>	<u>REAL RETURN YEARS 11+<sup>(b)</sup></u>
Global Equity	47.0 %	4.90 %	5.38 %
Global Fixed Income	19.0 %	0.80 %	2.27 %
Inflation Sensitive	6.0 %	0.60 %	1.39 %
Private Equity	12.0 %	6.60 %	6.63 %
Real Estate	11.0 %	2.80 %	5.21 %
Infrastructure and Forestland	3.0 %	3.90 %	5.36 %
Liquidity	2.0 %	(0.40)%	(0.90)%

<sup>(a)</sup> An expected inflation of 2.5% used for this period

<sup>(b)</sup> An expected inflation of 3.0% used for this period

##### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15% is \$190,031,165. The net pension liability using a discount rate that is 1% lower (6.15%) than the current rate is \$260,135,167 and using a discount rate that is 1% higher (8.15%) than the current rate is \$132,257,893.

##### 3. Pension Plan's Fiduciary Net Position

Detailed information about the Plan's fiduciary net positions is available in a separately issued CalPERS financial report. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2017 Actuarial Valuation Report, Appendix B. This report and CalPERS' audited financial statements are available on the CalPERS' website <https://www.calpers.ca.gov/> under Forms and Publications.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

### NOTE L: DEFINED BENEFIT PENSION PLANS (continued)

#### 4. Changes in the Net Pension Liability

##### Schedule of Changes in Net Pension Liability

	Total Pension Liability (a)	INCREASE (DECREASE) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
<b>MISCELLANEOUS</b>			
Balance at 06/30/2016 (valuation date)	\$ 204,780,550	\$ 138,541,648	\$ 66,238,902
Changes recognized for the measurement period:			
Service cost	2,765,699	-	2,765,699
Interest on total pension liability	15,080,991	-	15,080,991
Changes of benefit terms	-	-	-
Changes of assumptions	11,547,296	-	11,547,296
Differences between expected and actual experiences	(1,052,850)	-	(1,052,850)
Net plan to plan resource movement	-	-	-
Contributions from the employer	-	5,729,154	(5,729,154)
Contributions from the employees	-	1,179,611	(1,179,611)
Net investment income	-	15,602,402	(15,602,402)
Benefit payments, including refunds of employee contributions	(11,469,789)	(11,469,789)	-
Administrative expense	-	(204,547)	204,547
Other miscellaneous income	-	-	-
Net changes during 2016-17	<u>16,871,347</u>	<u>10,836,831</u>	<u>6,034,516</u>
Balance at 06/30/2017 (measurement date)	<u>\$ 221,651,897</u>	<u>\$ 149,378,479</u>	<u>\$ 72,273,418</u>
<b>SAFETY</b>			
Balance at 06/30/2016 (valuation date)	\$ 288,427,805	\$ 180,460,407	\$ 107,967,398
Changes recognized for the measurement period:			
Service cost	4,627,095	-	4,627,095
Interest on total pension liability	21,187,689	-	21,187,689
Changes of benefit terms	-	-	-
Changes of assumptions	17,772,474	-	17,772,474
Differences between expected and actual experiences	(4,240,228)	-	(4,240,228)
Net plan to plan resource movement	-	-	-
Contributions from the employer	-	7,963,467	(7,963,467)
Contributions from the employees	-	1,501,090	(1,501,090)
Net investment income	-	20,358,562	(20,358,562)
Benefit payments, including refunds of employee contributions	(15,884,588)	(15,884,588)	-
Administrative expense	-	(266,438)	266,438
Other miscellaneous income	-	-	-
Net changes during 2016-17	<u>23,462,442</u>	<u>13,672,093</u>	<u>9,790,349</u>
Balance at 06/30/2017 (measurement date)	<u>\$ 311,890,247</u>	<u>\$ 194,132,500</u>	<u>\$ 117,757,747</u>



# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

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#### NOTE L: DEFINED BENEFIT PENSION PLANS (continued)

##### 4. Changes in the Net Pension Liability (continued)

###### Pension Expense

For the measurement period ending June 30, 2017, the total pension expense recognized is \$14,135,106 consisting of \$5,962,467 and \$8,172,639, for miscellaneous and safety, respectively.

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized as pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Amortization is computed on a straight-line basis and the period differs depending on the source of the gain or loss:

	<u>MISCELLANEOUS</u>	<u>SAFETY</u>
Differences between expected and actual experience	1.2-2.1 years	3.0-3.6 years
Changes in assumptions	2.1 years	3.6 years
Net difference between projected and actual earnings on plan investments	5.0 years	5.0 years

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants. The Plans' EARSL for the 2016-17 measurement period is as follows:

	<u>MISCELLANEOUS</u>	<u>SAFETY</u>
Total future service years (a)	1,990	2,029
Total number of participants (active, inactive and retired)	966	567
EARSL for the 2016-17 measurement period	2.1 years	3.6 years

a) The sum of the remaining service years of the active employees. Inactive employees and retirees have remaining service years equal to the total future service years based on the members' probability of decrementing due to an event other than receiving a cash refund.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

#### NOTE L: DEFINED BENEFIT PENSION PLANS (continued)

##### 4. Changes in the Net Pension Liability (continued)

###### Deferred Outflows and Inflows of Resources Related to Pensions

The following presents the Deferred Outflows and Deferred Inflows related to pensions as of the measurement date of June 30, 2017.

	DEFERRED OUTFLOWS OF RESOURCES (Note G)	DEFERRED INFLOWS OF RESOURCES (Note J)
Pension contributions subsequent to the measurement date	\$ 14,135,106	\$ -
Differences between actual and expected experience	821,692	(3,750,661)
Changes in assumptions	18,884,260	(1,321,826)
Net difference between projected and actual earnings on plan investments	4,212,971	-
Totals	<u>\$ 38,054,029</u>	<u>\$ (5,072,487)</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

MEASUREMENT PERIOD ENDED JUNE 30	DEFERRED OUTFLOWS/(INFLOWS) OF RESOURCES
2018	\$ 7,676,071
2019	9,753,202
2020	4,137,057
2021	(2,719,894)
2022	-
Thereafter	-

#### NOTE M: DEFINED CONTRIBUTION PENSION PLAN

City provides a defined contribution retirement plan (the "Plan") for specified part-time, temporary and seasonal employees who work less than 1,000 hours per fiscal year in lieu of Social Security coverage. In a defined contribution plan, benefits depend solely on amount contributed to the plan plus investment earnings. The plan provisions were established by the City Council to comply with the Omnibus Budget Reconciliation Act of 1990. The plan is a qualified pension plan as specified by Internal Revenue Code Section 414(l), and is administered by Nationwide Retirement Solutions.

Eligible employees are fully vested effective their dates of hire. If participating employees become eligible for participation in CalPERS, by virtue of working more than 1,000 hours per fiscal year or otherwise, contributions to the Plan shall cease once the employee is enrolled in CalPERS. If a participating employee is hired into a regular full-time position, all contributions and earnings in the plan are transferred to the City's Deferred Compensation Plan, also administered by Nationwide Retirement Solutions.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE M: DEFINED CONTRIBUTION PENSION PLAN (continued)

Contributions are equal to 7.5% of each participating employee's compensation and are made by the City. Contributions are invested with a third party administrator in a liquid savings account. Earnings are at a variable rate and accrue daily commencing on the date the funds are posted. For the year ended June 30, 2018, the City's total payroll and covered payroll was \$727,400. The City made employer contributions of \$54,555. The assets held in trust by the plan administrator had a fair value of \$521,271 at June 30, 2018.

Distribution shall be by lump sum only, twelve months after termination of employment. Such distribution shall include investment earnings accrued to date of fund withdrawal. In the event of a participating employee's death, the waiting period will be waived.

### NOTE N: OTHER POST-EMPLOYMENT BENEFITS

#### 1. OPEB Plan Description

##### Plan Description

The City has established a retiree healthcare plan (Plan) and is participating in an agent multiple-employer defined benefit retiree healthcare plan. Following is the description of current retiree benefit plan provided to retired miscellaneous and safety members who retired on or after July 14, 1988:

Benefit types provided	Medical only
Required service	5 years and retiring directly from City service
Minimum Age	50
Dependent Coverage	Yes
Benefit	Minimum employer contribution in accordance with the Public Employees Medical and Hospital Care Act (PEMHCA)
Duration of Benefits	As long as eligible employee is enrolled in CalPERS healthcare plans

##### Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	151
Inactive employees or beneficiaries currently receiving benefits	197
<b>Total</b>	<b><u>348</u></b>

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE N: OTHER POST-EMPLOYMENT BENEFITS (continued)

#### 1. OPEB Plan Description (continued)

##### Contributions

The annual contribution is a combination of projected pay-as-you go and an additional amount to prefund health benefits as determined annually by the City Council. For the fiscal year ended June 30, 2018, the City's cash contributions were \$650,000 in prefunding payment to the trust and \$308,359 of premium payments to CalPERS for PEMHCA health benefits resulting in total payments of \$958,359. The City created a California Employer's Retiree Benefit Trust (CERBT) account with CalPERS in fiscal year 2008 for the purpose of prefunding obligations.

#### 2. Net OPEB Liability Information

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 based on the following actuarial methods and assumptions:

##### Actuarial Methods and Assumptions

Actuarial cost method	Entry Age Normal Cost Method
Amortization method/period	15 years, level percent of pay
Asset valuation method	Market
Inflation rate	2.75%
Projected salary increase	3.30%
Discount rate	7.28%
Healthcare cost trend rate	3.00%
Mortality Rate	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using the Scale BB published by the Society of Actuaries.
Retirement Age	The probabilities of retirement are based on the 2014 California Public Employees' Retirement System (CalPERS) Experience Study for the period 1997 to 2011

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

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#### NOTE N: OTHER POST-EMPLOYMENT BENEFITS (continued)

#### 2. Net OPEB Liability Information (continued)

Changes in assumption adopted for the actuarial valuation dated June 30, 2017 were as follows:

- Healthcare cost trend rate lowered from 4% to 3%. The City's required PEHMCA minimum contribution has not been strongly correlated to overall health insurance premium activity.
- Projected salary increase assumption was lowered from 4.0% to 3.3%.
- Discount rate assumption lowered from 7.36% used in the 2015 valuation to 7.28%.

#### Discount Rate

The discount rate used to measure the City's total OPEB liability was 7.28 percent. The rate is reasonable given the current level of actuarial funding and the City's annual contributions to the CERBT trust. The projection of cash flows used to determine the discount rate is based on the assumption that the City's contributions are made at rates equal to the actuarially determined contribution rates, in addition to the amount of annual benefit payments. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocations, Strategy 1	Expected Real Rates of Return Years 1-11 <sup>(a)</sup>	Expected Real Rates of Return Years 11-60 <sup>(b)</sup>
Global Equity	57%	5.25%	5.71%
Fixed Income	27%	1.79%	2.40%
Treasury Inflation-Protected Securities	5%	1.00%	2.25%
Real Estate Investment Trust	8%	3.25%	7.88%
Commodities	3%	0.34%	4.95%
<b>Total</b>	<b>100%</b>		

(a) Inflation rate of 2.5% was used for this period

(b) Inflation rate of 3.0% was used for this period

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE N: OTHER POST-EMPLOYMENT BENEFITS (continued)

#### 2. Net OPEB Liability Information (continued)

##### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>	<u>Impact on Liability</u>
6.28%	\$ 2,239,395	\$ 215,844
7.28%	2,023,551	-
8.28%	1,829,795	(193,756)

##### Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trends

GASB Statement 75 also requires the impact of a 1% decrease and a 1% increase in the medical trend rates. These impacts were not calculated since the City contributes the PEMHCA minimum which has not been strongly correlated to any healthcare cost trend rates or overall insurance premium activity. The changes in healthcare cost trends do not impact the City's OPEB liabilities significantly because the PEMHCA minimum is independent of any medical index.

The annual adjustment to the minimum PEMHCA reimbursement is estimated at 3% per year, which is less than what is predicted for near-term medical trends.

#### 3. OPEB Plan Fiduciary Net Position

CalPERS issues a publicly available CERBT financial report that may be obtained from the CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan itself does not issue financial statements.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

### NOTE N: OTHER POST-EMPLOYMENT BENEFITS (continued)

#### 4. Changes in the Net OPEB Liability

##### Schedule of Changes in NET OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
<b>Balance at June 30, 2017</b>			
(Valuation Date June 30, 2017)	\$ 5,372,050	\$ 2,856,860	\$ 2,515,190
<b>Changes recognized for the measurement period:</b>			
Service cost	78,533	-	78,533
Interest	391,440	-	391,440
Changes of assumptions	-	-	-
Contributions - employer	-	697,498	(697,498)
Net investment income	-	269,514	(269,514)
Benefits payments	(310,068)	(310,068)	-
Administrative expenses	-	(5,400)	5,400
<b>Net Changes</b>	159,905	651,544	(491,639)
<b>Balance at June 30, 2018</b>	\$ 5,531,955	\$ 3,508,404	\$ 2,023,551

##### Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss.

<u>Source of Gains and Losses</u>	<u>Recognition Period</u>
<ul style="list-style-type: none"> <li>Net difference between projected and actual earnings on OPEB Plan investments</li> </ul>	5 years
<ul style="list-style-type: none"> <li>All other amounts</li> </ul>	Expected average remaining service lifetime (EARSL) (14.4 Years at June 30, 2017)

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

#### NOTE N: OTHER POST-EMPLOYMENT BENEFITS (continued)

##### 4. Changes in the Net OPEB Liability (continued)

##### OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$457,554. As of fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement period	\$ 958,359	\$ -
Total	\$ 958,359	\$ -

The \$958,359 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019.

To qualify for deferral, certain types of changes to total OPEB liability must be based on GASB Statement No. 75 valuations. Since the City's prior valuation was performed in accordance with GASB Statement No. 45 and were not restated in accordance with GASB Statement No. 75, it is not possible to calculate the deferred outflows and inflows of resources.

#### NOTE O: PRIOR PERIOD ADJUSTMENT

The following schedules present the prior period adjustments to the beginning net position and fund balance:

##### Government-Wide Financial Statements:

	Governmental Activities	Business- Type Activities	Total
Net Position, previously reported	\$ 183,211,885	\$ 58,790,359	\$ 242,002,244
Sales tax not accrued in FY 2016-17	3,004,600	-	3,004,600
Net change GASB Statement No. 75 implementation	(2,565,350)	(122,154)	(2,687,504)
Net Position, restated	\$ 183,651,135	\$ 58,668,205	\$ 242,319,340



# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2018

#### NOTE O: PRIOR PERIOD ADJUSTMENT (continued)

##### Fund Financial Statements:

##### **Governmental Funds:**

	General Fund
Fund Balance, previously reported	\$ 39,177,923
Sales tax not accrued in FY 2016-17	3,004,600
Fund Balance, restated	<u>\$ 42,182,523</u>

##### **Proprietary Funds:**

	Wastewater Enterprise Fund	Internal Service Funds
Net Position, previously reported	\$ 58,790,359	\$ 11,650,699
Net change GASB Statement No. 75 implementation	(122,154)	(33,083)
Net Position, restated	<u>\$ 58,668,205</u>	<u>\$ 11,617,616</u>

#### NOTE P: RISK MANAGEMENT

##### General Liability Insurance

The City is exposed to various general liability risks of loss related to torts; theft of, damage to, and destruction of assets; errors and commissions; and natural disasters. The City, including its component units, uses the Self Insurance Fund to account for and finance risks for general liability. There were no significant changes in insurance coverage from the prior year, and there were no settlements in excess of the insurance coverage in any of the prior three years.

The City is self-insured for liability insurance through CSAC Excess Insurance Authority (EIA) with a self-insured retention (SIR) of \$250,000. The total general liability policy limit is \$25,000,000, including the \$250,000 SIR. The Director of Administrative Services/Risk Manager administered claims against the City. The estimated liability for pending and incurred but not reported (IBNR) claims at June 30, 2018, has been incorporated in the financial statements as claims payable in the Self Insurance Internal Service Fund and is based on history and actuarial studies.

The aggregate change in the balance of liability is as follows:

	<b>2018</b>	<b>2017</b>
Claims payable, beginning of year	\$ 1,756,142	\$ 1,756,142
Current fiscal year claims and changes in estimates	1,265,646	44,566
Claim payments	(885,646)	(44,566)
Claim payable, end of year	<u>\$ 2,136,142</u>	<u>\$ 1,756,142</u>

The City's accrued liability at year-end of \$2,136,142, is composed of approximately 70% of the actuarially computed expected liability, in addition to \$765,000 for ongoing cases.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### **NOTE P: RISK MANAGEMENT (continued)**

#### Worker's Compensation Insurance

The City participates in CSAC Excess Insurance Authority's (CSAC EIA) programs for both primary and excess coverage. The primary coverage covers the first dollar to \$125,000; the excess layer covers losses up to the statutory limit. York Risk Management is the City's third party claims administrator. Loss control services are obtained on an as needed basis.

#### Property Insurance

The City participates in the Public Entity Property Insurance Program (PEPIP) through Alliant Insurance Services for coverage on the City's physical assets. This includes all real and personal property owned by the City or for which the City has assumed responsibility to insure, e.g. buildings, structures, computer equipment, heavy duty equipment, mechanical equipment, vehicles, furniture and fixtures. The deductible varies depending on the type of loss.

### **NOTE Q: COMMITMENTS AND CONTINGENCIES**

#### Operating Leases

The City has entered into several operating leases in the conduct of its day-to-day operations to provide for services. None of these operating leases are considered to be significant commitments.

#### Federal and State Grants

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would not have a material effect on the City's financial position.

#### Litigation

The City is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City's legal counsel, these actions when finally adjudicated will not have a material effect on the City's financial position.

#### Recent Court Decision

On May 15, 2017, the U.S. Supreme Court denied the City of San Gabriel's petition for review of the Ninth Circuit Court of Appeals' decision in *Flores v. City of San Gabriel*. The primary issue was whether the Fair Labor Standards Act (FLSA) required cash payments made in lieu of health benefits to be included in the regular rate calculation for overtime pay purposes; the Ninth Circuit held that such payments must be included for overtime purposes under the FLSA. The City of El Cajon is evaluating this recent court decision and believes the City may have some liability as a result. However, the amount of that liability has not yet been determined nor can it be reasonably estimated at the time this CAFR was published.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE Q: COMMITMENTS AND CONTINGENCIES (continued)

#### Significant Encumbrances

Encumbrances represent purchase orders, contracts or other commitments for the expenditure of monies. However, because these commitments will be honored in subsequent years, they do not constitute an expenditure or liability for financial statement purposes. At fiscal year-end, the City had the following significant encumbrances.

Purchase of freightliner	\$ 472,316
East County Performing Arts Center Project	495,000
Traffic Signal Project	743,105
City Hall HVAC Project	901,233
Storm Drain Project	2,108,821

### NOTE R: JOINT VENTURES

The City represents the greatest membership share in two of the joint powers authorities to which it belongs. A summary of each joint power authority, the City's participation, and any related party transactions with each authority are as follows:

#### Heartland Fire Training Authority

The purpose of Heartland Fire Training Authority (HFTA) is to provide a fire-fighting training facility and training courses for personnel of the member agencies. HFTA was created on October 1, 1999, as amended, by a Joint Powers Agreement (JPA) between a number of cities and fire protection districts in San Diego County. For the current fiscal year, the JPA members consist of the Cities of El Cajon, La Mesa, Lemon Grove, and Santee, the Fire Protection Districts of Alpine, Bonita-Sunnyside, Lakeside, and San Miguel, the Viejas Band of Kumeyaay Indians, and the Barona Band of Mission Indians. One elected official from each member agency is appointed to the HFTA Commission. The Commission approves an annual budget based on the costs of operating the facility and providing training to member agency personnel. El Cajon's membership share was 13.97% for the fiscal year ending June 30, 2018.

On October 27, 2009, HFTA entered into a Facility Lease Agreement with the City of El Cajon. The executed agreement included a proposed capital improvement project based on a prioritized list of capital improvement needs. The lease agreement provides for annual rent payments of \$66,500 that was utilized by the City of El Cajon to fund the capital improvement project. The City also provides clerical and accounting services for HFTA. Charges for services were \$26,718 for the fiscal year ending June 30, 2018.

Annual financial statements may be obtained from HFTA, c/o City of El Cajon, Finance Department, 200 Civic Center Way, El Cajon, CA 92020.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE R: JOINT VENTURES (continued)

#### Heartland Communications Facility Authority

The purpose of the Heartland Communication Facility Authority (HCFA) is to equip, maintain, operate and staff a facility to provide emergency call receiving and dispatching services to member agencies. HCFA was created on June 25, 1986, as amended, by a Joint Powers Agreement (JPA) between a number of cities and fire protection districts in San Diego County. For the current fiscal year, the JPA members consist of the Cities of El Cajon, La Mesa, Lemon Grove, and Santee, and the Fire Protection Districts of Alpine, Bonita-Sunnyside, Lakeside, and San Miguel. One elected official from each member agency is appointed to the HCFA Commission. The commission approves an annual budget based on the costs of operating the Authority. El Cajon's membership share was 26.78% for the fiscal year ending June 30, 2018.

HCFA leases a portion of the property located at 100 E. Lexington Avenue from the City. Lease payments totaled \$48,723 for the fiscal year ending June 30, 2018. The City also provides clerical and accounting services for HCFA. Charges for services were \$50,250 for the fiscal year ending June 30, 2018.

Annual financial statements may be obtained from HCFA, c/o City of El Cajon, Finance Department, 200 Civic Center Way, El Cajon, CA 92020.

### NOTE S: TAX ABATEMENTS

#### Sunroad E C Land, Inc.

In March, 2013, as part of the City's revitalization program, the City and Sunroad E C Land, Inc. (Sunroad), entered into an Owner Participation and Development Agreement for redevelopment of real property. Sunroad owns the land and agreed to construct a BMW motorcar dealership (BMW) consistent with BMW USA's new image requirement that includes modern European style frontage, showroom service areas, and customer waiting areas. In consideration for Sunroad's investment in the City, the City agreed to return to Sunroad a percentage of the net sales taxes (based on sales taxes in excess of \$93,000 per quarter) derived by BMW as follows:

Fiscal Year	Operating Years	Percentage of Net Sales Taxes
FY2012-13 through FY2016-17	Years 1 through 5	75%
FY2017-18 through FY2021-22	Years 6 through 10	60%
FY2022-23 through FY2026-27	Years 11 through 15	50%

In FY2017-18, no monies were paid to Sunroad under this agreement.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

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### NOTE S: TAX ABATEMENTS (continued)

#### El Cajon Hotels, LP and Magnolia Hotel, Inc.

In August, 2015, as part of the City's revitalization program, the City and El Cajon Hotels, Inc. entered into a Disposition and Development Agreement to develop real property into a 120-room Courtyard by Marriott Hotel (Courtyard). As an economic incentive to building and operating a quality hotel, the City and El Cajon Hotel, Inc. agreed to a transient occupancy tax (TOT) rebate sharing program. In December, 2015, the TOT agreement was assigned by El Cajon Hotel, Inc. to Magnolia Hotel, Inc. (Hotel) as follows:

<b>Fiscal Year</b>	<b>Operating Years</b>	<b>Percentage of TOT rebate due to Hotel</b>
FY2017-18 through FY2021-22	Years 1 through 5	100%
FY2022-23 through FY2026-27	Years 6 through 10	50%

In FY2017-18, the total amount rebated to Hotel under this agreement is \$117,332.

#### Tipton Enterprises, Inc. dba Tipton Honda

In June, 2015, the City and Tipton Enterprises, Inc. entered into an Owner Participation and Development Agreement to redevelop the existing Honda dealership that included the acquisition of the adjacent property for expansion. Tipton Honda represented that they will invest approximately \$2.3 million into the acquisition and redevelopment of this dealership. In consideration for this approximate investment, the City agreed to return to Tipton Honda a percentage of the net sales taxes (based on sales taxes in excess of \$342,000 per year) not to exceed \$2.3 million as follows:

<b>Fiscal Year</b>	<b>Operating Years</b>	<b>Percentage of Net Sales Taxes</b>
FY2017-18 through FY2022-23	Years 1 through 6	65%
FY2023-24 through FY2028-29	Years 7 through 12	50%

# **CITY OF EL CAJON**

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF EL CAJON**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts			Variance with
	Original	Final	Actual <sup>1</sup>	Final Budget
Taxes:				
Sales and use	\$ 35,419,581	\$ 35,419,581	\$ 37,163,463	\$ 1,743,882
Property	17,810,711	17,810,711	18,339,325	528,614
Franchise	5,407,262	5,407,262	5,311,723	(95,539)
Transient lodging	1,400,332	1,400,332	1,613,926	213,594
Business licenses	867,427	867,427	837,895	(29,532)
Property transfer	300,000	300,000	370,413	70,413
Total taxes	61,205,313	61,205,313	63,636,745	2,431,432
Intergovernmental:				
Motor vehicle license fees	45,000	45,000	54,723	9,723
Reimbursements	576,536	576,536	1,283,956	707,420
Total intergovernmental	621,536	621,536	1,338,679	717,143
Licenses and permits	1,222,200	1,222,200	1,387,579	165,379
Charges for services:				
Planning and engineering	368,000	368,000	948,992	580,992
Public safety	982,150	982,150	1,205,933	223,783
All others	1,846,610	1,846,610	1,887,784	41,174
Total charges for services	3,196,760	3,196,760	4,042,709	845,949
Investment earnings	300,000	300,000	262,189	(37,811)
Other:				
Fines	558,500	558,500	685,061	126,561
Sale of property	1,000	1,000	80,643	79,643
Rental income	951,800	951,800	979,666	27,866
Miscellaneous	1,486,081	1,486,081	1,516,814	30,733
Total other	2,997,381	2,997,381	3,262,184	264,803
Total revenues	69,543,190	69,543,190	73,930,085	4,386,895

<sup>1</sup> Includes only the General fund as defined by the City's budget. Financial statements prepared on a GAAP basis combine an additional fund pursuant to GASB Statement No. 54 (see Required Supplementary Information Note 3).

**CITY OF EL CAJON**  
**Budgetary Comparison Schedule (continued)**  
**General Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual <sup>1</sup>	Variance with Final Budget
	Original	Final		
General government:				
City council	\$ 482,181	\$ 482,181	\$ 429,946	\$ 52,235
Council contingency	100,000	100,000	74,375	25,625
City manager	1,498,886	1,641,187	1,388,871	252,316
Community services and events	250,000	250,000	222,236	27,764
Centennial celebration	36,613	36,613	6,205	30,408
City attorney	798,620	798,620	556,445	242,175
City clerk and elections	471,692	471,692	368,087	103,605
Human resources	754,206	754,206	537,432	216,774
Administrative services	421,675	421,675	404,494	17,181
Finance	1,960,349	1,960,349	1,951,684	8,665
Total general government	<u>6,774,222</u>	<u>6,916,523</u>	<u>5,939,775</u>	<u>976,748</u>
Public safety:				
Police:				
Administration	4,198,849	4,198,849	4,219,942	(21,093)
Inspection and training	1,912,132	1,912,132	1,825,933	86,199
Records	1,112,512	1,112,512	825,034	287,478
Communications	2,179,948	2,179,948	1,999,383	180,565
Patrol	13,180,530	13,180,530	13,577,881	(397,351)
Special operations unit	2,150,865	2,150,865	2,414,821	(263,956)
Traffic enforcement	1,909,386	1,909,386	1,799,130	110,256
Investigation	5,178,142	5,178,142	4,221,453	956,689
Laboratory	842,976	842,976	682,337	160,639
Auxiliary	173,652	173,652	146,104	27,548
Animal control	878,792	878,792	829,922	48,870
Total police	<u>33,717,784</u>	<u>33,717,784</u>	<u>32,541,940</u>	<u>1,175,844</u>
Fire:				
Administration	1,853,956	1,853,956	1,788,565	65,391
Emergency Medical Services	201,058	201,058	111,282	89,776
Suppression	11,047,440	11,152,855	11,316,247	(163,392)
Heartland Fire and Rescue	2,074,503	2,074,503	1,811,650	262,853
Total fire	<u>15,176,957</u>	<u>15,282,372</u>	<u>15,027,744</u>	<u>254,628</u>
Total public safety	<u>48,894,741</u>	<u>49,000,156</u>	<u>47,569,684</u>	<u>1,430,472</u>

<sup>1</sup> Includes only the General fund as defined by the City's budget. Financial statements prepared on a GAAP basis combine an additional fund pursuant to GASB Statement No. 54 (see Required Supplementary Information Note 3).



**CITY OF EL CAJON**  
**Budgetary Comparison Schedule (continued)**  
**General Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual <sup>1</sup>	Variance with Final Budget
	Original	Final		
Public works:				
Administration	\$ 641,249	\$ 641,249	\$ 678,214	\$ (36,965)
Facilities maintenance	2,102,876	2,102,876	1,764,712	338,164
ECPAC administration	302,934	302,934	62,795	240,139
Engineering	1,701,884	1,701,884	1,526,076	175,808
Traffic engineering and maintenance	1,691,323	1,691,323	1,386,444	304,879
Parks	2,110,258	2,110,258	1,806,708	303,550
Street maintenance	972,331	972,331	1,030,926	(58,595)
Total public works	9,522,855	9,522,855	8,255,875	1,266,980
Recreation	3,005,130	3,005,130	2,845,052	160,078
Community development:				
Administration	438,243	438,243	455,075	(16,832)
Planning	1,250,713	1,250,713	1,100,742	149,971
Building and fire safety	1,368,201	1,391,912	1,366,668	25,244
Total community development	3,057,157	3,080,868	2,922,485	158,383
Total expenditures	71,254,105	71,525,532	67,532,871	3,992,661
Excess (deficiency) of revenues over (under) expenditures	(1,710,915)	(1,982,342)	6,397,214	8,379,556
Other financing sources (uses):				
Transfers in	210,915	210,915	210,915	-
Total other financing sources (uses)	210,915	210,915	210,915	-
Net change in fund balance	(1,500,000)	(1,771,427)	6,608,129	8,379,556
Fund balance, beginning	39,053,359	39,053,359	39,053,359	-
Prior period adjustment (note O)	-	-	3,004,600	3,004,600
Fund balance, beginning restated	39,053,359	39,053,359	42,057,959	3,004,600
Fund balance, ending	\$ 37,553,359	\$ 37,281,932	\$ 48,666,088	\$ 11,384,156

<sup>1</sup> Includes only the General fund as defined by the City's budget. Financial statements prepared on a GAAP basis combine an additional fund pursuant to GASB Statement No. 54 (see Required Supplementary Information Note 3).

**CITY OF EL CAJON**  
**Budgetary Comparison Schedule (continued)**  
**General Fund**  
**For the fiscal year ended June 30, 2018**

**Reconciliation of the Budgetary Comparison Schedule - General Fund to the Statement of Revenues,  
Expenditures and Change in Fund Balances - Governmental Funds (GAAP Basis)**

Actual revenues from budgetary comparison schedule (page 80)	\$ 73,930,085
Revenues from other general funds are combined with the general fund, as required under generally accepted accounting principles	
Recreation Special Programs	<u>559,604</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Change in Fund Balances for the General Fund (GAAP Basis) (page 91)	<u>74,489,689</u>
Actual expenditures from budgetary comparison schedule (page 82)	67,532,871
Expenditures from other general funds are combined with the general fund, as required under generally accepted accounting principles	
Recreation Special Programs	<u>550,614</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Change in Fund Balances for the General Fund (GAAP Basis) (page 91)	<u>68,083,485</u>
Actual other financing sources (uses) from budgetary comparison schedule (page 82)	<u>210,915</u>
Total other financing sources (uses) revenues as reported on the Statement of Revenues, Expenditures and Change in Fund Balances for the General Fund (GAAP Basis) (page 91)	<u>210,915</u>
Net change in fund balance as reported on the Statement of Revenues, Expenditures and Change in Fund Balances for the General Fund (GAAP Basis)	6,617,119
Fund balance restated, beginning of year (GAAP Basis) (page 91)	<u>42,182,523</u>
Fund balance, end of year (GAAP Basis) (page 91)	<u><u>\$ 48,799,642</u></u>

Recreation Special Programs Fund is combined with the General Fund for reporting purposes on a GAAP basis, pursuant to GASB Statement No. 54 (See Required Supplementary Information Note 3).

# **CITY OF EL CAJON**

## **Notes to the Budgetary Comparison Schedule For the fiscal year ended June 30, 2018**

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### **1. Budgetary control and accounting**

Budgets are generally prepared on a basis consistent with generally accepted accounting principles (GAAP), with the exception of the General Fund and a fund which was considered special revenue fund prior to the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. These two funds are budgeted as separate individual funds, but are consolidated into the General Fund for financial reporting purposes.

The budget process includes submittal of each department's budget request for the next fiscal year, a detailed review of each department's proposed budget by the City Manager and a final recommended budget that is transmitted to the City Council for its review before the required date of adoption. Once transmitted to the City Council, the preliminary budget is made available for inspection. Prior to adoption, a budget workshop meeting is held by the City Council. A public hearing is held to give the public the opportunity to comment upon the preliminary budget. Notice of such public hearing is given in a newspaper of general circulation.

The approval of the budget is accomplished by the adoption of a Budget Resolution by the City Council, prior to the beginning of the fiscal year. Annual budgets are adopted for all governmental funds, except for the City's capital project funds and Low and Moderate Income Housing Asset, HOME, CDBG and Various Donations Special Revenue funds. The level of budgetary control is at the department level. For purposes of this requirement, each fund other than the General Fund is considered to be a separate department. The City Manager is authorized to transfer appropriations within a departmental budget. Any appropriations transfers between departments or funds require City Council approval. Appropriations lapse at year-end to the extent that they have not been expended or encumbered.

### **2. Expenditures in excess of appropriations**

There were no departments within the General Fund whose expenditures exceeded appropriations.

### **3. General fund**

The Budgetary Comparison Schedule presented in the Required Supplementary Information is for the City's General Fund as reported in the City's budget. Financial statements for the General Fund prepared on a GAAP basis include an additional fund that does not meet the criteria to be classified as special revenue fund. The additional fund that is combined with the General Fund (GAAP basis) is the Recreation Special Programs. A reconciliation of the budgetary comparison schedule-General Fund to the Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis) is included in Supplementary Information as well as the Combined Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance of the General Fund (GAAP Basis), and budgetary comparisons of the additional fund (pages 83-85).

### **4. Major Special Revenue Funds**

Budgetary to actual comparison schedules are not presented for the two major Special Revenue Funds, Low and Moderate Income Housing Asset and HOME Special Revenue Funds. These funds are not annually budgeted because the fund activities (housing loans), are of a long-term basis.

# CITY OF EL CAJON

## Schedule of Changes in the Net Pension Liability and Related Ratios Last Ten Fiscal Years\* As of June 30, 2018

	Measurement Period			
	2013-2014	2014-2015	2015-2016	2016-2017
Total pension liability				
Service cost	\$ 6,754,765	\$ 6,665,134	\$ 6,878,605	\$ 7,392,794
Interest on total pension liability	33,181,886	34,564,139	35,726,698	36,268,680
Changes in benefits	-	-	-	-
Differences between expected and actual experience	-	1,806,444	(799,619)	(5,293,078)
Changes in assumptions	-	(8,219,372)	-	29,319,770
Benefit payments, including refunds of employee contributions	(23,438,073)	(24,732,428)	(25,946,629)	(27,354,377)
Net change in total pension liability	16,498,578	10,083,917	15,859,055	40,333,789
Total pension liability - beginning	450,766,805	467,265,383	477,349,300	493,208,355
Total pension liability - ending (a)	\$ 467,265,383	\$ 477,349,300	\$ 493,208,355	\$ 533,542,144
Plan fiduciary net position				
Contributions - employer	\$ 9,758,501	\$ 11,741,601	\$ 12,433,117	\$ 13,692,621
Contributions - employee	2,682,128	2,621,411	2,590,908	2,680,701
Net investment income	50,182,599	7,349,560	1,649,050	35,960,964
Benefit payments	(23,438,073)	(24,732,428)	(25,946,629)	(27,354,377)
Plan to plan resource movement	-	256	-	-
Administrative expense	-	(372,199)	(200,189)	(470,985)
Net change in plan fiduciary net position	39,185,155	(3,391,799)	(9,473,743)	24,508,924
Plan fiduciary net position - beginning	292,682,442	331,867,597	328,475,798	319,002,055
Plan fiduciary net position - ending (b)	331,867,597	328,475,798	319,002,055	343,510,979
Net pension liability - ending (a)-(b)	\$ 135,397,786	\$ 148,873,502	\$ 174,206,300	\$ 190,031,165
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	71.02%	68.81%	64.68%	64.38%
Covered-employee payroll	\$ 28,851,261	\$ 29,392,736	\$ 30,331,851	\$ 29,096,674
Net pension liability as percentage of covered employee payroll	469.30%	506.50%	574.33%	653.10%

### Notes to schedule:

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefits changes as well as any offers of two years additional service credit (a.k.a. Golden Handshakes).

**Changes of assumptions.** For the measurement date June 30, 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, the amounts reported reflect an adjustment of the discount rate from 7.5 per cent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, the amounts reported were based on the 7.5 per cent discount rate.

\*GASB Statement No. 68 was first implemented in fiscal year 2015.

**CITY OF EL CAJON**  
**Schedule of Plan Contributions - Pension**  
**Last Ten Fiscal Years\***  
**As of June 30, 2018**

	Fiscal Years			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 9,758,501	\$ 10,735,361	\$ 11,993,411	\$ 13,206,060
Contributions in relation to the actuarially determined contributions	<u>(9,758,501)</u>	<u>(11,741,601)</u>	<u>(12,433,117)</u>	<u>(13,692,621)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ (1,006,240)</u>	<u>\$ (439,706)</u>	<u>\$ (486,561)</u>
Covered-employee payroll	\$ 28,851,261	\$ 29,392,736	\$ 30,331,851	\$ 29,096,674
Contributions as a percentage of covered-employee payroll	33.82%	36.52%	39.54%	45.39%

**Methods and assumptions used to determine the actuarially determined contribution rates:**

Actuarial cost method	Entry age normal
Amortization method/period	June 30, 2016 funding valuation report
Asset valuation method	Actuarial value of assets, June 30, 2016 funding valuation report
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses including inflation
Retirement age	The probabilities of retirement are based on the 2014 California Public Employees' Retirement System (CalPERS) experience study for the period 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS experience study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

\*GASB Statement No. 68 was first implemented in fiscal year 2015.

# CITY OF EL CAJON

## Schedule of Changes in the Net OPEB Liability and Related Ratios As of June 30, 2018\*

	Measurement Period <u>2016-2017</u>
Total OPEB Liability	
Service cost	\$ 78,533
Interest on total OPEB liability	391,440
Actuarial gains/losses	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments	<u>(310,068)</u>
Net change in total OPEB liability	159,905
Total OPEB liability - beginning	<u>5,372,050</u>
Total OPEB liability - ending (a)	<u>\$ 5,531,955</u>
Plan fiduciary net position	
Contributions - employer	\$ 697,498
Net investment income	269,514
Benefit payments	(310,068)
Administrative expense	<u>(5,400)</u>
Net change in plan fiduciary net position	651,544
Plan fiduciary net position - beginning	<u>2,856,860</u>
Plan fiduciary net position - ending (b)	<u>3,508,404</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 2,023,551</u>
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	63.42%
Covered-employee payroll	\$ 29,096,674
Net OPEB liability as percentage of covered employee payroll	6.95%

### Notes to schedule:

The City's prior valuation was performed in accordance with GASB Statement No. 45. It is not possible to calculate certain types of changes in total OPEB liability such as net gains and losses and changes in assumptions. Valuation based deferred items will not begin until the next valuation.

\*GASB Statement No. 75 was first implemented in fiscal year 2018. Information is required only for measurement periods for which GASB Statement No. 75 is applicable.

**CITY OF EL CAJON**  
**Schedule of Plan Contributions - OPEB**  
**As of June 30, 2018\***

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	Fiscal Year
	2018
Actuarially determined contribution	\$ 398,230
Contributions in relation to the actuarially determined contributions	(958,359)
Contributions deficiency (excess)	<u>\$ (560,129)</u>
Covered-employee payroll	\$ 29,096,674
Contributions as a percentage of covered-employee payroll	1.37%

**Methods and assumptions used to determine the actuarially determined contribution rates:**

Actuarial cost method	Entry age normal cost method
Amortization method/period	15 years, level percent of pay
Asset valuation method	Market
Inflation	2.75%
Projected salary increases	3.30%
Discount rate	7.28%
Healthcare cost trend rate	3.00%, annual adjustment to PEHMCA Amount
Retirement age	2014 California Public Employees' Retirement System (CalPERS) Experience Study for the period 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using the Scale BB published by the Society of Actuaries.

\*GASB Statement No. 75 was first implemented in fiscal year 2018. Information is required only for measurement periods for which GASB Statement No. 75 is applicable.

# CITY OF EL CAJON

## SUPPLEMENTARY INFORMATION

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# CITY OF EL CAJON

## Balance Sheet General Fund (GAAP Basis) June 30, 2018

	General Fund	Recreation Special Programs	Total <sup>1</sup>
<b>Assets:</b>			
Cash and investments	\$ 42,881,215	\$ 314,446	\$ 43,195,661
Receivables:			
Accounts	222,550	41,916	264,466
Interest	274,542	1,065	275,607
Intergovernmental	24,979	-	24,979
Taxes	7,554,498	-	7,554,498
Prepaid items	7,071	-	7,071
Due from other funds	367,395	-	367,395
Total assets	<u>51,332,250</u>	<u>357,427</u>	<u>51,689,677</u>
<b>Total assets</b>	<u><u>\$ 51,332,250</u></u>	<u><u>\$ 357,427</u></u>	<u><u>\$ 51,689,677</u></u>
<b>Liabilities:</b>			
Accounts payable	\$ 704,138	\$ 4,965	\$ 709,103
Accrued liabilities	1,728,727	24,593	1,753,320
Deposits payable	233,297	5,248	238,545
Unearned revenue	-	189,067	189,067
Total liabilities	<u>2,666,162</u>	<u>223,873</u>	<u>2,890,035</u>
<b>Fund balance</b>			
Nonspendable:			
Prepaid items	7,071	-	7,071
Committed	13,052,990	-	13,052,990
Assigned:			
Economic uncertainty	6,500,000	-	6,500,000
Unfunded retirement obligations	8,000,000	-	8,000,000
Unassigned	21,106,027	133,554	21,239,581
Total fund balance	<u>48,666,088</u>	<u>133,554</u>	<u>48,799,642</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<u><u>\$ 51,332,250</u></u>	<u><u>\$ 357,427</u></u>	<u><u>\$ 51,689,677</u></u>

<sup>1</sup> The total for General Fund (GAAP Basis) includes additional funds that do not meet the criteria to be classified as special revenue funds, pursuant to GASB Statement No. 54. This total is reported on the Balance Sheet-Governmental Funds for the General Fund (page D-1).

# CITY OF EL CAJON

## Statement of Revenues, Expenditures and Changes in Fund Balances

### General Fund (GAAP Basis)

For the fiscal year ended June 30, 2018

	General Fund	Recreation Special Programs	Reconciliation to Fund Financial Statements	Total <sup>1</sup>
Revenues:				
Charges for services	\$ 4,042,709	\$ 468,665	\$ -	\$ 4,511,374
Intergovernmental	1,338,679	25,000	-	1,363,679
Investment earnings	262,189	950	-	263,139
Licenses and permits	1,387,579	-	-	1,387,579
Other	3,262,184	64,989	-	3,327,173
Taxes	63,636,745	-	-	63,636,745
Total revenues	<u>73,930,085</u>	<u>559,604</u>	<u>-</u>	<u>74,489,689</u>
Expenditures:				
Current:				
General government	5,939,775	-	-	5,939,775
Public safety	47,569,684	-	-	47,569,684
Public works	8,255,875	-	-	8,255,875
Recreation	2,845,052	550,614	-	3,395,666
Community development	2,922,485	-	-	2,922,485
Total expenditures	<u>67,532,871</u>	<u>550,614</u>	<u>-</u>	<u>68,083,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,397,214</u>	<u>8,990</u>	<u>-</u>	<u>6,406,204</u>
Other financing sources (uses):				
Transfers in	<u>210,915</u>	<u>-</u>	<u>-</u>	<u>210,915</u>
Total other financing sources (uses)	<u>210,915</u>	<u>-</u>	<u>-</u>	<u>210,915</u>
Net change in fund balances	6,608,129	8,990	-	6,617,119
Fund balances, beginning	39,053,359	124,564	-	39,177,923
Prior period adjustment (note O)	3,004,600	-	-	3,004,600
Fund balance, beginning restated	<u>42,057,959</u>	<u>124,564</u>	<u>-</u>	<u>42,182,523</u>
Fund balances, ending	<u>\$ 48,666,088</u>	<u>\$ 133,554</u>	<u>\$ -</u>	<u>\$ 48,799,642</u>

<sup>1</sup> The total for General Fund (GAAP Basis) include an additional fund that does not meet the criteria to be classified as special revenue fund, pursuant to GASB Statement No. 54. This total is reported on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds for the General Fund.

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance Recreation Special Programs<sup>1</sup> Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	\$ 477,680	\$ 477,680	\$ 468,665	\$ (9,015)
Intergovernmental	2,500	2,500	25,000	22,500
Investment earnings	-	-	950	950
Other	65,900	65,900	64,989	(911)
Total revenues	546,080	546,080	559,604	13,524
Expenditures:				
Current:				
Recreation	547,273	547,273	547,491	(218)
Capital outlay	-	-	3,123	(3,123)
Total expenditures	547,273	547,273	550,614	(3,341)
Excess (deficiency) of revenues over (under) expenditures	(1,193)	(1,193)	8,990	10,183
Net change in fund balance	(1,193)	(1,193)	8,990	10,183
Fund balance, beginning	124,564	124,564	124,564	-
Fund balance, ending	\$ 123,371	\$ 123,371	\$ 133,554	\$ 10,183

<sup>1</sup> Recreation Special Programs is considered General Fund (GAAP Basis), pursuant to GASB Statement No. 54. This fund has a legally adopted budget and as such, a budgetary comparison schedule is presented.

A reconciliation of the budgetary comparison schedule-General Fund to the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds (GAAP Basis) is included in Required Supplementary Information.

**CITY OF EL CAJON**  
**Combined Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2018**

	Special Revenue Funds	Capital Projects Funds	Total
<b>Assets:</b>			
Cash and investments	\$ 6,923,759	\$ 1,907,102	\$ 8,830,861
Receivables:			
Interest	28,441	5,456	33,897
Intergovernmental	845,022	329,503	1,174,525
Loans	1,018,062	-	1,018,062
Taxes	32,647	-	32,647
Total assets	<u>8,847,931</u>	<u>2,242,061</u>	<u>11,089,992</u>
 Total assets	 <u>\$ 8,847,931</u>	 <u>\$ 2,242,061</u>	 <u>\$ 11,089,992</u>
 <b>Liabilities:</b>			
Accounts payable	\$ 548,821	\$ 963,078	\$ 1,511,899
Accrued liabilities	37,397	-	37,397
Due to other funds	368,574	13,619	382,193
Total liabilities	<u>954,792</u>	<u>976,697</u>	<u>1,931,489</u>
 <b>Fund balance</b>			
Restricted:			
Animal shelter operations	41,458	-	41,458
Animal shelter project	262,856	-	262,856
Community development	294,859	-	294,859
Loans receivable	1,018,062	-	1,018,062
Public safety	1,309,329	-	1,309,329
Public works projects	923,326	-	923,326
RTCIP impact fee	-	344,015	344,015
RMRA	-	601,892	601,892
Streets projects	4,045,241	-	4,045,241
Assigned:			
Capital projects	-	325,808	325,808
Unassigned	(1,992)	(6,351)	(8,343)
Total fund balance	<u>7,893,139</u>	<u>1,265,364</u>	<u>9,158,503</u>
 Total liabilities and fund balance	 <u>\$ 8,847,931</u>	 <u>\$ 2,242,061</u>	 <u>\$ 11,089,992</u>

# CITY OF EL CAJON

## Combined Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds For the fiscal year ended June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total
Revenues:			
Charges for services	\$ -	\$ 50,449	\$ 50,449
Intergovernmental	5,344,712	967,167	6,311,879
Investment earnings	38,904	19	38,923
Other	55,741	-	55,741
Taxes	-	1,899,752	1,899,752
Total revenues	<u>5,439,357</u>	<u>2,917,387</u>	<u>8,356,744</u>
Expenditures:			
Current:			
Public safety	505,485	-	505,485
Public works	2,145,246	605,520	2,750,766
Recreation	-	73,426	73,426
Community development	504,074	-	504,074
Capital outlay	772,461	2,639,154	3,411,615
Capital lease:			
Interest	76,147	-	76,147
Principal	181,423	-	181,423
Total expenditures	<u>4,184,836</u>	<u>3,318,100</u>	<u>7,502,936</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,254,521</u>	<u>(400,713)</u>	<u>853,808</u>
Other financing sources (uses):			
Transfers in	-	3,303,487	3,303,487
Transfers out	<u>(1,051,312)</u>	<u>(2,374,514)</u>	<u>(3,425,826)</u>
Total other financing sources (uses)	<u>(1,051,312)</u>	<u>928,973</u>	<u>(122,339)</u>
Net change in fund balances	203,209	528,260	731,469
Fund balances, beginning	<u>7,689,930</u>	<u>737,104</u>	<u>8,427,034</u>
Fund balances, ending	<u>\$ 7,893,139</u>	<u>\$ 1,265,364</u>	<u>\$ 9,158,503</u>

# CITY OF EL CAJON

## NON-MAJOR SPECIAL REVENUE FUNDS

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**SPECIAL REVENUE FUNDS** are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes. The following are the non-major Special Revenue Funds used by the City:

***Gas Tax*** - This fund accounts for state funds for preventive maintenance and repair of qualifying city streets.

***Transit*** - This fund accounts for transit monies received under the Transportation Development Act.

***Federal/County Asset Forfeiture*** - This fund accounts for asset forfeiture revenues and expenditures.

***Local Public Safety*** - This fund accounts for allocation of the state's sales tax revenue (Proposition 172) to be used for public safety, including sheriffs, police and fire protection.

***Federal, State and Local Grants*** - This fund accounts for various federal, state and local grants.

***Housing In-Lieu Fees*** - This fund accounts for in-lieu fees received from developers as an alternative to constructing the affordable housing units. These funds will be utilized by the City to support the development of affordable housing units.

***CDBG (Community Development Block Grants)*** - This fund accounts for federal grants for public facilities, capital improvements, and public services. This fund is not annually budgeted because fund activities are of a long-term basis.

***Various Donations*** - This fund accounts for various donations received used to pay for specific functions and/or programs of the city. This fund is not annually budgeted because donations vary greatly from year to year.

**CITY OF EL CAJON**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2018**

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
Assets:				
Cash and investments	\$ 4,140,593	\$ 736,805	\$ 212,094	\$ 499,901
Receivables:				
Interest	16,778	3,096	925	2,348
Intergovernmental	-	-	-	-
Loans	-	-	-	-
Taxes	-	-	-	32,647
Total assets	<u>4,157,371</u>	<u>739,901</u>	<u>213,019</u>	<u>534,896</u>
Total assets	<u>\$ 4,157,371</u>	<u>\$ 739,901</u>	<u>\$ 213,019</u>	<u>\$ 534,896</u>
Liabilities:				
Accounts payable	\$ 78,270	\$ 6,966	\$ 2,821	\$ 26,289
Accrued liabilities	33,860	3,537	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>112,130</u>	<u>10,503</u>	<u>2,821</u>	<u>26,289</u>
Fund balance:				
Restricted:				
Animal shelter operations	-	-	-	-
Animal shelter project	-	-	-	-
Community development	-	-	-	-
Loans receivable	-	-	-	-
Public safety	-	-	210,198	508,607
Public works projects	-	729,398	-	-
Streets projects	4,045,241	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>4,045,241</u>	<u>729,398</u>	<u>210,198</u>	<u>508,607</u>
Total liabilities and fund balance	<u>\$ 4,157,371</u>	<u>\$ 739,901</u>	<u>\$ 213,019</u>	<u>\$ 534,896</u>

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Budgeted		Unbudgeted		
Federal, State, and Local Grants	Housing In Lieu Fees	CDBG	Various Donations	Total Non-Major Special Revenue Funds
\$ 737,458	\$ 290,415	\$ -	\$ 306,493	\$ 6,923,759
3,029	1,195	-	1,070	28,441
731,844	-	113,178	-	845,022
713,124	-	304,938	-	1,018,062
-	-	-	-	32,647
<u>2,185,455</u>	<u>291,610</u>	<u>418,116</u>	<u>307,563</u>	<u>8,847,931</u>
<u>\$ 2,185,455</u>	<u>\$ 291,610</u>	<u>\$ 418,116</u>	<u>\$ 307,563</u>	<u>\$ 8,847,931</u>
\$ 383,054	\$ -	\$ 51,421	\$ -	\$ 548,821
-	-	-	-	37,397
304,825	-	63,749	-	368,574
<u>687,879</u>	<u>-</u>	<u>115,170</u>	<u>-</u>	<u>954,792</u>
-	-	-	41,458	41,458
-	-	-	262,856	262,856
-	291,610	-	3,249	294,859
713,124	-	304,938	-	1,018,062
590,524	-	-	-	1,309,329
193,928	-	-	-	923,326
-	-	-	-	4,045,241
-	-	(1,992)	-	(1,992)
<u>1,497,576</u>	<u>291,610</u>	<u>302,946</u>	<u>307,563</u>	<u>7,893,139</u>
<u>\$ 2,185,455</u>	<u>\$ 291,610</u>	<u>\$ 418,116</u>	<u>\$ 307,563</u>	<u>\$ 8,847,931</u>



# CITY OF EL CAJON

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Special Revenue Funds

#### For the fiscal year ended June 30, 2018

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
Revenues:				
Intergovernmental	\$ 2,073,177	\$ 263,987	\$ -	\$ 438,631
Investment earnings	20,534	3,460	1,196	2,993
Other	154	79	32,797	-
Total revenues	<u>2,093,865</u>	<u>267,526</u>	<u>33,993</u>	<u>441,624</u>
Expenditures:				
Current:				
Public safety	-	-	36,765	32,493
Public works	1,931,670	186,750	-	-
Community development	-	-	-	-
Capital outlay	-	-	24,824	43,797
Capital lease:				
Interest	-	-	-	76,147
Principal	-	-	-	181,423
Total expenditures	<u>1,931,670</u>	<u>186,750</u>	<u>61,589</u>	<u>333,860</u>
Excess (deficiency) of revenues over (under) expenditures	<u>162,195</u>	<u>80,776</u>	<u>(27,596)</u>	<u>107,764</u>
Other financing (uses):				
Transfers out	<u>(59,445)</u>	<u>-</u>	<u>-</u>	<u>(160,000)</u>
Total other financing (uses)	<u>(59,445)</u>	<u>-</u>	<u>-</u>	<u>(160,000)</u>
Net change in fund balances	102,750	80,776	(27,596)	(52,236)
Fund balances, beginning	<u>3,942,491</u>	<u>648,622</u>	<u>237,794</u>	<u>560,843</u>
Fund balances, ending	<u>\$ 4,045,241</u>	<u>\$ 729,398</u>	<u>\$ 210,198</u>	<u>\$ 508,607</u>

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Budgeted		Unbudgeted		Total Non-Major Special Revenue Funds
Federal, State, and Local Grants	Housing In Lieu Fees	CDBG	Various Donations	
\$ 1,435,617	\$ -	\$ 1,133,300	\$ -	\$ 5,344,712
3,699	1,490	4,210	1,322	38,904
16,159	-	91	6,461	55,741
<u>1,455,475</u>	<u>1,490</u>	<u>1,137,601</u>	<u>7,783</u>	<u>5,439,357</u>
436,227	-	-	-	505,485
26,826	-	-	-	2,145,246
124,698	-	379,376	-	504,074
703,840	-	-	-	772,461
-	-	-	-	76,147
-	-	-	-	181,423
<u>1,291,591</u>	<u>-</u>	<u>379,376</u>	<u>-</u>	<u>4,184,836</u>
163,884	1,490	758,225	7,783	1,254,521
-	-	(831,867)	-	(1,051,312)
-	-	(831,867)	-	(1,051,312)
163,884	1,490	(73,642)	7,783	203,209
<u>1,333,692</u>	<u>290,120</u>	<u>376,588</u>	<u>299,780</u>	<u>7,689,930</u>
<u>\$ 1,497,576</u>	<u>\$ 291,610</u>	<u>\$ 302,946</u>	<u>\$ 307,563</u>	<u>\$ 7,893,139</u>

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance Gas Tax Special Revenue Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	\$ 2,854,237	\$ 2,854,237	\$ 2,073,177	\$ (781,060)
Investment earnings	-	-	20,534	20,534
Other	-	-	154	154
Total revenues	2,854,237	2,854,237	2,093,865	(760,372)
Expenditures:				
Current:				
Public works	2,447,000	2,447,000	1,931,670	515,330
Capital outlay	8,500	8,500	-	8,500
Total expenditures	2,455,500	2,455,500	1,931,670	523,830
Excess (deficiency) of revenues over (under) expenditures	398,737	398,737	162,195	(236,542)
Other financing (uses):				
Transfers out	(75,499)	(151,499)	(59,445)	(92,054)
Total other financing sources (uses)	(75,499)	(151,499)	(59,445)	(92,054)
Net change in fund balance	323,238	247,238	102,750	(144,488)
Fund balance, beginning	3,942,491	3,942,491	3,942,491	-
Fund balance, ending	\$ 4,265,729	\$ 4,189,729	\$ 4,045,241	\$ (144,488)

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance Transit Special Revenue Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	\$ 90,883	\$ 90,883	\$ 263,987	\$ 173,104
Investment earnings	-	-	3,460	3,460
Other	-	-	79	79
Total revenues	90,883	90,883	267,526	176,643
Expenditures:				
Current:				
Public works	238,470	230,470	186,750	43,720
Capital outlay	64,700	72,700	-	72,700
Total expenditures	303,170	303,170	186,750	116,420
Excess (deficiency) of revenues over (under) expenditures	(212,287)	(212,287)	80,776	293,063
Net change in fund balance	(212,287)	(212,287)	80,776	293,063
Fund balance, beginning	648,622	648,622	648,622	-
Fund balance, ending	\$ 436,335	\$ 436,335	\$ 729,398	\$ 293,063

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance Federal/County Asset Forfeiture Special Revenue Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1,196	\$ 1,196
Other	30,000	30,000	32,797	2,797
Total revenues	30,000	30,000	33,993	3,993
Expenditures:				
Current:				
Public safety	94,934	94,934	36,765	58,169
Capital outlay	26,500	26,500	24,824	1,676
Total expenditures	121,434	121,434	61,589	59,845
Excess (deficiency) of revenues over (under) expenditures	(91,434)	(91,434)	(27,596)	63,838
Net change in fund balance	(91,434)	(91,434)	(27,596)	63,838
Fund balance, beginning	237,794	237,794	237,794	-
Fund balance, ending	\$ 146,360	\$ 146,360	\$ 210,198	\$ 63,838

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance Local Public Safety Special Revenue Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	\$ 400,000	\$ 400,000	\$ 438,631	\$ 38,631
Investment earnings	-	-	2,993	2,993
Total revenues	400,000	400,000	441,624	41,624
Expenditures:				
Current:				
Public safety	33,152	33,152	32,493	659
Capital outlay	44,000	61,500	43,797	17,703
Capital lease:				
Interest	50,984	50,984	76,147	(25,163)
Principal	181,423	181,423	181,423	-
Total expenditures	309,559	327,059	333,860	(6,801)
Excess (deficiency) of revenues over (under) expenditures	90,441	72,941	107,764	34,823
Other financing (uses):				
Transfers out	(160,000)	(160,000)	(160,000)	-
Total other financing sources (uses)	(160,000)	(160,000)	(160,000)	-
Net change in fund balance	(69,559)	(87,059)	(52,236)	34,823
Fund balance, beginning	560,843	560,843	560,843	-
Fund balance, ending	\$ 491,284	\$ 473,784	\$ 508,607	\$ 34,823

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance Federal, State and Local Grants Special Revenue Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	\$ 1,543,940	\$ 2,043,041	\$ 1,435,617	\$ (607,424)
Investment earnings	-	-	3,699	3,699
Other	-	-	16,159	16,159
Total revenues	1,543,940	2,043,041	1,455,475	(587,566)
Expenditures:				
Current:				
Public safety	520,136	768,214	436,227	331,987
Public works	197,616	197,616	26,826	170,790
Community development	419,885	419,885	124,698	295,187
Capital outlay	633,109	884,132	703,840	180,292
Total expenditures	1,770,746	2,269,847	1,291,591	978,256
Excess (deficiency) of revenues over (under) expenditures	(226,806)	(226,806)	163,884	390,690
Other financing sources (uses):				
Transfers out	(5,464)	(5,464)	-	5,464
Total other financing sources (uses)	(5,464)	(5,464)	-	5,464
Net change in fund balance	(232,270)	(232,270)	163,884	396,154
Fund balance, beginning	1,333,692	1,333,692	1,333,692	-
Fund balance, ending	\$ 1,101,422	\$ 1,101,422	\$ 1,497,576	\$ 396,154

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance Housing In Lieu Fees Special Revenue Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1,490	\$ 1,490
Total revenues	-	-	1,490	1,490
Expenditures:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	1,490	1,490
Other financing sources:				
Transfers out	(287,000)	(287,000)	-	(287,000)
Total other financing sources	(287,000)	(287,000)	-	(287,000)
Net change in fund balance	(287,000)	(287,000)	1,490	288,490
Fund balance, beginning	290,120	290,120	290,120	-
Fund balance, ending	\$ 3,120	\$ 3,120	\$ 291,610	\$ 288,490





# CITY OF EL CAJON

## MAJOR CAPITAL PROJECTS FUNDS

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**Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The following Capital Projects Funds have been classified as major funds:

***Public Safety Facilities*** - This fund was established to account for activities related to the construction of a new public safety center and animal shelter, as well as upgrades to existing fire stations. These projects are funded by a half-percent sales tax that was in place from April 2005 through March 2015 (Proposition O approved by voters in November 2004).

***City Capital Improvement Program*** - This fund is used to account for repairs, improvements and the preservation of City owned facilities and equipment, additional public buildings and the acquisition of land.

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance Public Safety Facilities Project Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ -	\$ -	\$ 29,488	\$ 29,488
Intergovernmental	-	-	50,000	50,000
Investment earnings	-	-	58,004	58,004
Other	-	-	2,545	2,545
Total revenues	-	-	140,037	140,037
Expenditures:				
Current:				
General government	10,600	10,600	5,504	5,096
Capital outlay	10,112,500	10,112,500	8,844,768	1,267,732
Total expenditures	10,123,100	10,123,100	8,850,272	1,272,828
Excess (deficiency) of revenues over (under) expenditures	(10,123,100)	(10,123,100)	(8,710,235)	1,412,865
Net change in fund balance	(10,123,100)	(10,123,100)	(8,710,235)	1,412,865
Fund balance, beginning	12,614,356	12,614,356	12,614,356	-
Fund balance, ending	<u>\$ 2,491,256</u>	<u>\$ 2,491,256</u>	<u>\$ 3,904,121</u>	<u>\$ 1,412,865</u>

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance City Capital Improvement Program Projects Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Other	\$ 986,500	\$ 986,500	\$ 208,003	\$ (778,497)
Total revenues	986,500	986,500	208,003	(778,497)
Expenditures:				
Current:				
Public works	262,593	268,093	186,858	81,235
Capital outlay	5,308,159	5,946,209	1,298,812	4,647,397
Total expenditures	5,570,752	6,214,302	1,485,670	4,728,632
Excess (deficiency) of revenues over (under) expenditures	(4,584,252)	(5,227,802)	(1,277,667)	3,950,135
Other financing (uses):				
Transfers in	926,498	926,498	24,798	(901,700)
Transfers out	(77,500)	(177,353)	(113,374)	(63,979)
Total other financing sources (uses)	848,998	749,145	(88,576)	(965,679)
Net change in fund balance	(3,735,254)	(4,478,657)	(1,366,243)	3,112,414
Fund balance, beginning	12,984,072	12,984,072	12,984,072	-
Fund balance, ending	\$ 9,248,818	\$ 8,505,415	\$ 11,617,829	\$ 3,112,414



# CITY OF EL CAJON

## NON-MAJOR CAPITAL PROJECTS FUNDS

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The following Capital Projects Funds have been classified as non-major funds:

***Public Works Projects*** - This fund accounts for research, planning, construction, improvement, maintenance, and operation of public streets and highways and their related public facilities for non-motorized traffic.

***Parks and Recreation Improvement Grants*** - This fund is used to account for state grants to repair and improve City recreational facilities.

***Parks Impact Fees*** - This fund is used to account for City financed park and recreational improvements financed with park impact fees.

***Transportation Projects*** - This fund accounts for major street construction projects funded through TransNet (half-percent special sales tax), Specific Street Obligations, and Gas Tax. Expenditures in this fund are restricted to improvements in the City's transit and street system.

**CITY OF EL CAJON**  
**Combining Balance Sheet**  
**Non-Major Capital Projects Funds**  
**June 30, 2018**

	Public Works Projects	Parks and Recreation Improvement Grants	Parks Impact Fees	Transportation Projects	Total Non-major Capital Projects Funds
<b>Assets:</b>					
Cash and investments	\$ 27,010	\$ 14,696	\$ 67,954	\$ 1,797,442	\$ 1,907,102
Receivables:					
Interest	-	-	276	5,180	5,456
Intergovernmental	-	-	-	329,503	329,503
Total assets	<u>27,010</u>	<u>14,696</u>	<u>68,230</u>	<u>2,132,125</u>	<u>2,242,061</u>
<b>Total assets</b>	<u><u>\$ 27,010</u></u>	<u><u>\$ 14,696</u></u>	<u><u>\$ 68,230</u></u>	<u><u>\$ 2,132,125</u></u>	<u><u>\$ 2,242,061</u></u>
<b>Liabilities:</b>					
Accounts payable	\$ 27,010	\$ 21,047	\$ -	\$ 915,021	\$ 963,078
Due to other funds	-	-	-	13,619	13,619
Total liabilities	<u>27,010</u>	<u>21,047</u>	<u>-</u>	<u>928,640</u>	<u>976,697</u>
<b>Fund balance:</b>					
Restricted:					
RTCIP impact fee	-	-	-	344,015	344,015
RMRA	-	-	-	601,892	601,892
Committed	-	-	-	-	-
Assigned					
Capital projects	-	-	68,230	257,578	325,808
Unassigned	-	(6,351)	-	-	(6,351)
Total fund balance	<u>-</u>	<u>(6,351)</u>	<u>68,230</u>	<u>1,203,485</u>	<u>1,265,364</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 27,010</u></u>	<u><u>\$ 14,696</u></u>	<u><u>\$ 68,230</u></u>	<u><u>\$ 2,132,125</u></u>	<u><u>\$ 2,242,061</u></u>

# CITY OF EL CAJON

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) Non-Major Capital Projects Funds For the fiscal year ended June 30, 2018

	Public Works Projects	Parks and Recreation Improvement Grants	Parks Impact Fees	Transportation Projects	Total Non-major Capital Projects Funds
Revenues:					
Taxes	\$ -	\$ -	\$ 24,452	\$ 1,875,300	\$ 1,899,752
Intergovernmental	-	-	-	967,167	967,167
Charges for services	-	-	-	50,449	50,449
Investment earnings	-	-	227	(208)	19
Total revenues	<u>-</u>	<u>-</u>	<u>24,679</u>	<u>2,892,708</u>	<u>2,917,387</u>
Expenditures:					
Current:					
Public works	597,258	-	-	8,262	605,520
Recreation	-	73,426	-	-	73,426
Capital outlay	2,046,764	592,390	-	-	2,639,154
Total expenditures	<u>2,644,022</u>	<u>665,816</u>	<u>-</u>	<u>8,262</u>	<u>3,318,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,644,022)</u>	<u>(665,816)</u>	<u>24,679</u>	<u>2,884,446</u>	<u>(400,713)</u>
Other financing (uses):					
Transfers in	2,644,022	659,465	-	-	3,303,487
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,374,514)</u>	<u>(2,374,514)</u>
Total other financing (uses)	<u>2,644,022</u>	<u>659,465</u>	<u>-</u>	<u>(2,374,514)</u>	<u>928,973</u>
Net change in fund balances	-	(6,351)	24,679	509,932	528,260
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>43,551</u>	<u>693,553</u>	<u>737,104</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ (6,351)</u>	<u>\$ 68,230</u>	<u>\$ 1,203,485</u>	<u>\$ 1,265,364</u>



# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance

### Public Works Projects Fund

#### Budget and Actual

For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Public works	1,294,918	1,382,918	597,258	785,660
Capital outlay	5,615,994	6,251,364	2,046,764	4,204,600
Total expenditures	6,910,912	7,634,282	2,644,022	4,990,260
Excess (deficiency) of revenues over (under) expenditures	(6,910,912)	(7,634,282)	(2,644,022)	4,990,260
Other financing (uses):				
Transfers in	6,910,912	7,634,282	2,644,022	(4,990,260)
Transfers out	-	-	-	-
Total other financing sources (uses)	6,910,912	7,634,282	2,644,022	(4,990,260)
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) Parks and Recreation Improvement Grants Project Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Recreation	91,500	94,700	73,426	21,274
Capital outlay	907,700	1,080,553	592,390	488,163
Total expenditures	999,200	1,175,253	665,816	509,437
Excess (deficiency) of revenues over (under) expenditures	(999,200)	(1,175,253)	(665,816)	509,437
Other financing (uses):				
Transfers in	999,200	1,175,253	659,465	(515,788)
Transfers out	-	-	-	-
Total other financing sources (uses)	999,200	1,175,253	659,465	(515,788)
Net change in fund balance	-	-	(6,351)	(6,351)
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ (6,351)	\$ (6,351)

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance

### Park Impact Fees Project Fund

#### Budget and Actual

For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 5,000	\$ 5,000	\$ 24,452	\$ 19,452
Investment earnings	-	-	227	227
Total revenues	5,000	5,000	24,679	19,679
Expenditures:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	5,000	5,000	24,679	19,679
Net change in fund balance	5,000	5,000	24,679	19,679
Fund balance, beginning	43,551	43,551	43,551	-
Fund balance, ending	\$ 48,551	\$ 48,551	\$ 68,230	\$ 19,679

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance Transportation Projects Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 3,693,113	\$ 3,693,113	\$ 1,875,300	\$ (1,817,813)
Intergovernmental	2,789,185	3,375,490	967,167	(2,408,323)
Charges for services	-	-	50,449	50,449
Investment earnings	-	-	(208)	(208)
Other	7,500	7,500	-	(7,500)
Total revenues	6,489,798	7,076,103	2,892,708	(4,183,395)
Expenditures:				
Current:				
Public works	75,000	75,000	8,262	66,738
Capital outlay	-	-	-	-
Total expenditures	75,000	75,000	8,262	66,738
Excess (deficiency) of revenues over (under) expenditures	6,414,798	7,001,103	2,884,446	(4,116,657)
Other financing (uses):				
Transfers out	(6,694,798)	(7,316,103)	(2,374,514)	(4,941,589)
Total other financing sources (uses)	(6,694,798)	(7,316,103)	(2,374,514)	(4,941,589)
Net change in fund balance	(280,000)	(315,000)	509,932	824,932
Fund balance, beginning	693,553	693,553	693,553	-
Fund balance, ending	\$ 413,553	\$ 378,553	\$ 1,203,485	\$ 824,932



# CITY OF EL CAJON

## INTERNAL SERVICE FUNDS

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**Internal Service Funds** are used to account for financing of goods or services provided by one fund, or department, to other funds, or departments, on a cost-reimbursement basis.

***Vehicle Maintenance*** - This fund accounts for maintenance and operating expenses of the City's automotive and equipment fleets.

***Vehicle and Equipment Replacement*** - This fund accounts for the replacement of the City's automotive and equipment fleets.

***Self-Insurance*** - This fund accounts for liability insurance premiums, payment of claims and to establish reserves against future claims.

***Information Technology Services*** - This fund accounts for the replacement of the City's information technology services and replacement of equipment.

***Other Post-Employment Benefits*** - This fund accounts for post-employment benefits of the City including annual required healthcare contribution and terminal conversions of vacation and sick time.

**CITY OF EL CAJON**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2018**

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance	Information Technology Services	Other Post Employment Benefits	Total
<b>Assets and deferred outflows of resources:</b>						
<b>Current assets:</b>						
Cash and investments	\$ 2,358,418	\$ 5,253,331	\$ 2,738,740	\$ 2,951,605	\$ 590,310	\$ 13,892,404
Total current assets	<u>2,358,418</u>	<u>5,253,331</u>	<u>2,738,740</u>	<u>2,951,605</u>	<u>590,310</u>	<u>13,892,404</u>
<b>Non-current assets:</b>						
<b>Capital assets, being depreciated net:</b>						
Machinery and equipment	-	71,864	-	296,102	-	367,966
Vehicles	-	2,609,214	-	-	-	2,609,214
Total non-current assets	<u>-</u>	<u>2,681,078</u>	<u>-</u>	<u>296,102</u>	<u>-</u>	<u>2,977,180</u>
<b>Deferred outflows of resources:</b>						
Deferred outflows related to pensions (Note G)	410,984	-	99,145	-	-	510,129
Total deferred outflows of resources	<u>410,984</u>	<u>-</u>	<u>99,145</u>	<u>-</u>	<u>-</u>	<u>510,129</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 2,769,402</u>	<u>\$ 7,934,409</u>	<u>\$ 2,837,885</u>	<u>\$ 3,247,707</u>	<u>\$ 590,310</u>	<u>\$ 17,379,713</u>
<b>Liabilities and deferred inflows of resources:</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 53,967	\$ 104,663	\$ 100,552	\$ 488,254	\$ -	\$ 747,436
Accrued liabilities	26,737	-	7,036	39,212	-	72,985
Claims payable-current	-	-	765,000	-	-	765,000
Compensated absences	52,720	-	-	31,315	-	84,035
Total current liabilities	<u>133,424</u>	<u>104,663</u>	<u>872,588</u>	<u>558,781</u>	<u>-</u>	<u>1,669,456</u>
<b>Non-current liabilities:</b>						
Claims payable	-	-	1,371,142	-	-	1,371,142
Compensated absences	36,377	-	-	139,201	-	175,578
Net pension liability	2,063,153	-	500,866	-	-	2,564,019
Net OPEB liability	35,468	-	7,281	-	-	42,749
Total non-current liabilities	<u>2,134,998</u>	<u>-</u>	<u>1,879,289</u>	<u>139,201</u>	<u>-</u>	<u>4,153,488</u>
<b>Deferred inflows of resources:</b>						
Deferred inflows related to pensions (note J)	19,656	-	4,772	-	-	24,428
Total deferred inflows of resources	<u>19,656</u>	<u>-</u>	<u>4,772</u>	<u>-</u>	<u>-</u>	<u>24,428</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>2,288,078</u>	<u>104,663</u>	<u>2,756,649</u>	<u>697,982</u>	<u>-</u>	<u>5,847,372</u>
<b>Net position:</b>						
Net investment in capital assets	-	2,681,078	-	296,102	-	2,977,180
Unrestricted	481,324	5,148,668	81,236	2,253,623	590,310	8,555,161
<b>Total net position</b>	<u>\$ 481,324</u>	<u>\$ 7,829,746</u>	<u>\$ 81,236</u>	<u>\$ 2,549,725</u>	<u>\$ 590,310</u>	<u>\$ 11,532,341</u>

# CITY OF EL CAJON

## Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the fiscal year ended June 30, 2018

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance	Information Technology Services	Other Post Employment Benefits	Total
Operating revenues:						
Charges for services	\$ 2,400,000	\$ 750,000	\$ 870,000	\$ 3,797,029	\$ 1,500,000	\$ 9,317,029
Total operating revenues	2,400,000	750,000	870,000	3,797,029	1,500,000	9,317,029
Operating expenses:						
Salaries and benefits	545,618	-	307,495	1,264,419	1,495,710	3,613,242
Materials, services and supplies	1,354,834	62,059	619,321	2,056,703	8,250	4,101,167
Insurance claims/premiums	3,869	-	1,819,989	-	-	1,823,858
Depreciation	489	571,330	-	121,052	-	692,871
Total operating expenses	1,904,810	633,389	2,746,805	3,442,174	1,503,960	10,231,138
Operating income (loss)	495,190	116,611	(1,876,805)	354,855	(3,960)	(914,109)
Non-operating revenues (expenses):						
Other revenue	4,914	14,400	775,375	-	4,722	799,411
Gain on disposal of machinery and equipment	-	24,698	-	4,725	-	29,423
Total non-operating revenues	4,914	39,098	775,375	4,725	4,722	828,834
Change in net position (deficit)	500,104	155,709	(1,101,430)	359,580	762	(85,275)
Net position (deficit), beginning	8,668	7,674,037	1,188,301	2,190,145	589,548	11,650,699
Prior period adjustment (note O)	(27,448)	-	(5,635)	-	-	(33,083)
Net position, beginning as restated	(18,780)	7,674,037	1,182,666	2,190,145	589,548	11,617,616
Net position, ending	\$ 481,324	\$ 7,829,746	\$ 81,236	\$ 2,549,725	\$ 590,310	\$ 11,532,341



**CITY OF EL CAJON**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2018**

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance	Information Technology Services	Other Post Employment Benefits	Total
Cash flows from operating activities:						
Receipts from charges to other funds	\$ 2,400,000	\$ 822,820	\$ 870,000	\$ 3,797,029	\$ 1,500,000	\$ 9,389,849
Payments to suppliers	(1,348,179)	(62,059)	(2,385,138)	(1,569,102)	(8,250)	(5,372,728)
Payments to employees	(783,000)	-	143,302	(1,054,690)	(1,495,710)	(3,190,098)
Net cash provided by (used for) operating activities	268,821	760,761	(1,371,836)	1,173,237	(3,960)	827,023
Cash flows from noncapital financing activities:						
Other revenue	4,914	14,400	775,375	-	4,722	799,411
Net cash provided by noncapital financing activities	4,914	14,400	775,375	-	4,722	799,411
Cash flows from capital and related financing activities:						
Proceeds from sale of vehicles and equipment	-	24,698	-	-	-	24,698
Acquisitions of vehicles and equipment	-	(899,886)	-	(159,386)	-	(1,059,272)
Net cash (used for) capital and related financing activities	-	(875,188)	-	(159,386)	-	(1,034,574)
Net increase (decrease) in cash and cash equivalents	273,735	(100,027)	(596,461)	1,013,851	762	591,860
Cash and cash equivalents, beginning	2,084,683	5,353,358	3,335,201	1,937,754	589,548	13,300,544
Cash and cash equivalents, ending	<u>\$ 2,358,418</u>	<u>\$ 5,253,331</u>	<u>\$ 2,738,740</u>	<u>\$ 2,951,605</u>	<u>\$ 590,310</u>	<u>\$ 13,892,404</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 495,190	\$ 116,611	\$(1,876,805)	\$ 354,855	\$ (3,960)	\$ (914,109)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	489	571,330	-	121,052	-	692,871
Pension related adjustments	(244,743)	-	71,661	-	-	(173,082)
Changes in assets and liabilities						
Increase (decrease) in accounts receivable	-	72,820	-	-	-	72,820
Increase (decrease) in accounts payable	10,524	-	54,173	487,602	-	552,299
Increase (decrease) in accrued liabilities	2,932	-	(865)	39,212	-	41,279
Increase in claims payable	-	-	380,000	-	-	380,000
Increase in compensated absences payable	4,429	-	-	170,516	-	174,945
Total adjustments	(226,369)	644,150	504,969	818,382	-	1,741,132
Net cash provided by (used for) operating activities	<u>\$ 268,821</u>	<u>\$ 760,761</u>	<u>\$(1,371,836)</u>	<u>\$ 1,173,237</u>	<u>\$ (3,960)</u>	<u>\$ 827,023</u>
Noncash investing, capital, and financing activities:						
Capital contribution of infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital asset (infrastructure) included in accounts payable	-	104,662	-	-	-	104,662

# CITY OF EL CAJON

## FIDUCIARY FUNDS

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**Fiduciary funds** are used to account for assets held by the City in a purely custodial capacity for other funds, governments or individuals.

### **AGENCY FUNDS:**

***Miscellaneous Deposits*** - These funds account for various types of deposits.

***Heartland Communication Facility Authority*** - This fund accounts for activities to provide emergency call receiving and dispatching services to participating agencies.

***Heartland Fire Training Authority*** - This fund accounts for activities of fire fighting and training of personnel for the participating agencies.

**CITY OF EL CAJON**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2018**

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	Miscellaneous Deposits	Heartland Communications Facility Authority	Heartland Fire Training Authority	Total
<b>Assets:</b>				
Cash and investments	\$ 169,111	\$ 2,048,729	\$ 1,133,915	\$ 3,351,755
Receivables:				
Accounts	-	40,626	46,764	87,390
Intergovernmental	-	446,978	-	446,978
Interest	-	9,114	4,905	14,019
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 169,111</u>	<u>\$ 2,545,447</u>	<u>\$ 1,185,584</u>	<u>\$ 3,900,142</u>
 <b>Liabilities:</b>				
Accounts payable	\$ 16,813	\$ 43,681	\$ 4,141	\$ 64,635
Accrued liabilities	-	62,534	5,755	68,289
Sundry agency liabilities	<u>152,298</u>	<u>2,439,232</u>	<u>1,175,688</u>	<u>3,767,218</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 169,111</u>	<u>\$ 2,545,447</u>	<u>\$ 1,185,584</u>	<u>\$ 3,900,142</u>

# CITY OF EL CAJON

## Combining Statement of Changes in Fiduciary Assets and Liabilities Agency Funds For the fiscal year ended June 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Miscellaneous Deposits</b>				
Assets:				
Cash and investments	\$ 189,936	\$ 617,371	\$ (638,196)	\$ 169,111
Total assets	<u>\$ 189,936</u>	<u>\$ 617,371</u>	<u>\$ (638,196)</u>	<u>\$ 169,111</u>
Liabilities:				
Accounts payable	\$ 13,205	\$ 16,813	\$ (13,205)	\$ 16,813
Sundry agency liabilities	176,731	600,558	(624,991)	152,298
Total liabilities	<u>\$ 189,936</u>	<u>\$ 617,371</u>	<u>\$ (638,196)</u>	<u>\$ 169,111</u>
 <b>Heartland Communications Facility Authority</b>				
Assets:				
Cash and investments	\$ 2,016,161	\$ 3,522,644	\$ (3,490,076)	\$ 2,048,729
Receivables:				
Accounts	33,444	40,626	(33,444)	40,626
Intergovernmental	-	446,978		446,978
Interest	5,935	9,114	(5,935)	9,114
Total assets	<u>\$ 2,055,540</u>	<u>\$ 4,019,362</u>	<u>\$ (3,529,455)</u>	<u>\$ 2,545,447</u>
Liabilities:				
Accounts payable	\$ 320,828	\$ 43,681	\$ (320,828)	\$ 43,681
Accrued liabilities	52,574	62,534	(52,574)	62,534
Sundry agency liabilities	1,682,138	3,913,147	(3,156,053)	2,439,232
Total liabilities	<u>\$ 2,055,540</u>	<u>\$ 4,019,362</u>	<u>\$ (3,529,455)</u>	<u>\$ 2,545,447</u>

# CITY OF EL CAJON

## Combining Statement of Changes in Fiduciary Assets and Liabilities Agency Funds (continued) For the fiscal year ended June 30, 2018

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Heartland Fire Training Authority</b>				
Assets:				
Cash and investments	\$ 992,964	\$ 722,001	\$ (581,050)	\$ 1,133,915
Receivables:				
Accounts	-	46,764	-	46,764
Interest	3,055	4,905	(3,055)	4,905
	<u>3,055</u>	<u>4,905</u>	<u>(3,055)</u>	<u>4,905</u>
Total assets	<u>\$ 996,019</u>	<u>\$ 773,670</u>	<u>\$ (584,105)</u>	<u>\$ 1,185,584</u>
Liabilities:				
Accounts payable	\$ 2,490	\$ 4,141	\$ (2,490)	\$ 4,141
Accrued liabilities	5,690	5,755	(5,690)	5,755
Unearned revenue	47,444	-	(47,444)	-
Sundry agency liabilities	940,395	763,774	(528,481)	1,175,688
	<u>940,395</u>	<u>763,774</u>	<u>(528,481)</u>	<u>1,175,688</u>
Total liabilities	<u>\$ 996,019</u>	<u>\$ 773,670</u>	<u>\$ (584,105)</u>	<u>\$ 1,185,584</u>
<b>Total Agency Funds</b>				
Assets:				
Cash and investments	\$ 3,199,061	\$ 4,862,016	\$ (4,709,322)	\$ 3,351,755
Receivables:				
Accounts	33,444	87,390	(33,444)	87,390
Interest	8,990	14,019	(8,990)	14,019
Intergovernmental	-	446,978	-	446,978
	<u>-</u>	<u>446,978</u>	<u>-</u>	<u>446,978</u>
Total assets	<u>\$ 3,241,495</u>	<u>\$ 5,410,403</u>	<u>\$ (4,751,756)</u>	<u>\$ 3,900,142</u>
Liabilities:				
Accounts payable	336,523	64,635	(336,523)	\$ 64,635
Accrued liabilities	58,264	68,289	(58,264)	68,289
Unearned revenue	47,444	-	(47,444)	-
Sundry agency liabilities	2,799,264	5,277,479	(4,309,525)	3,767,218
	<u>2,799,264</u>	<u>5,277,479</u>	<u>(4,309,525)</u>	<u>3,767,218</u>
Total liabilities	<u>\$ 3,241,495</u>	<u>\$ 5,410,403</u>	<u>\$ (4,751,756)</u>	<u>\$ 3,900,142</u>

# CITY OF EL CAJON

## STATISTICAL SECTION

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The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

### **Financial Trends** ..... 129 - 133

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### **Revenue Capacity** ..... 134 - 140

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

### **Debt Capacity** ..... 141 - 143

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

### **Demographic and Economic Information** ..... 144 - 145

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **Operating Information** ..... 146 - 149

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial statements relates to the services the City provides and the activities it performs.



# CITY OF EL CAJON

## Net Position by Component

### Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012 (a)	2013	2014	2015 (b)	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets	\$ 162,657,834	\$ 171,879,175	\$ 184,845,829	\$ 187,945,040	\$ 193,537,908	\$ 210,077,278	\$ 214,159,409	\$ 218,963,053	\$ 217,482,744	\$ 224,144,319
Restricted	82,298,521	63,263,584	60,158,904	58,728,019 <sup>a</sup>	59,087,555 <sup>a</sup>	61,853,603	65,833,008	58,121,515	57,960,163	50,168,314
Unrestricted	(32,573,207)	(12,336,332)	(4,176,060)	20,608,443	28,212,027	30,515,904	(104,296,561)	(94,443,051)	(91,791,772)	(97,584,297)
<b>Total governmental activities net position</b>	<u>\$ 212,383,148</u>	<u>\$ 222,806,427</u>	<u>\$ 240,828,673</u>	<u>\$ 267,281,502</u>	<u>\$ 280,837,490</u>	<u>\$ 302,446,785</u>	<u>\$ 175,695,856</u>	<u>\$ 182,641,517</u>	<u>\$ 183,651,135</u>	<u>\$ 176,728,336</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 37,622,872	\$ 36,625,278	\$ 37,372,058	\$ 37,954,007	\$ 37,072,743	\$ 46,121,178	\$ 38,577,875	\$ 36,498,175	\$ 38,505,588	\$ 43,106,240
Restricted	-	-	-	-	-	-	261,645	231,764	264,273	357,552
Unrestricted	28,264,958	26,124,508	21,592,156	19,536,586	18,044,303	6,881,080	14,669,740	21,239,228	19,898,344	18,826,347
<b>Total business-type activities net position</b>	<u>\$ 65,887,830</u>	<u>\$ 62,749,786</u>	<u>\$ 58,964,214</u>	<u>\$ 57,490,593</u>	<u>\$ 55,117,046</u>	<u>\$ 53,002,258</u>	<u>\$ 53,509,260</u>	<u>\$ 57,969,167</u>	<u>\$ 58,668,205</u>	<u>\$ 62,290,139</u>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 200,280,706	\$ 208,504,453	\$ 222,217,887	\$ 225,899,047	\$ 230,610,651	\$ 256,198,456	\$ 252,737,284	\$ 255,461,228	\$ 255,988,332	\$ 267,250,559
Restricted	82,298,521	63,263,584	60,158,904	58,728,019	59,087,555	61,853,603	66,094,653	58,353,279	58,224,436	50,525,866
Unrestricted	(4,308,249)	13,788,176	17,416,096	40,145,029	46,256,330	37,396,984	(89,626,821)	(73,203,823)	(71,893,428)	(78,757,950)
<b>Total primary government net position</b>	<u>\$ 278,270,978</u>	<u>\$ 285,556,213</u>	<u>\$ 299,792,887</u>	<u>\$ 324,772,095</u>	<u>\$ 335,954,536</u>	<u>\$ 355,449,043</u>	<u>\$ 229,205,116</u>	<u>\$ 240,610,684</u>	<u>\$ 242,319,340</u>	<u>\$ 239,018,475</u>

**Source:** City of El Cajon - Finance Department

**Notes:** (a) The El Cajon Redevelopment Agency was dissolved as of February 1, 2012. The former redevelopment agency's assets, liabilities, and net position' were transferred to the Successor AgencyTrust Fund

(b) The City implemented GASB Statement 68 in fiscal year 2015, which had a significant effect on the unrestricted fund balance.



# CITY OF EL CAJON

## Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012 (a)	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 7,033,654	\$ 6,616,137	\$ 6,496,555	\$ 7,696,562	\$ 9,148,684	\$ 11,388,403	\$ 9,344,953	\$ 8,606,868	\$ 9,205,742	\$ 8,375,482
Public safety	39,346,691	37,384,609	37,649,169	38,633,076	40,578,344	42,919,265	45,235,084	47,292,321	52,741,903	58,123,097
Public works	11,458,980	10,514,171	10,695,592	11,680,268	12,281,575	10,796,564	10,806,104	10,984,725	13,175,937	14,984,088
Recreation	5,222,743	5,011,660	4,811,375	4,697,831	4,622,822	4,958,144	5,526,542	5,526,453	3,242,986	4,916,098
Community development	9,987,043	10,510,062	7,085,610	8,972,209	4,669,220	2,665,013	2,906,824	3,501,648	3,089,380	4,223,953
Interest on long-term debt	3,713,294	4,145,067	4,426,180	2,910,351	987,165	792,604	483,777	174,542	55,909	50,652
<b>Total governmental activities expenses</b>	<b>76,762,405</b>	<b>74,181,706</b>	<b>71,164,481</b>	<b>74,590,297</b>	<b>72,287,810</b>	<b>73,519,993</b>	<b>74,303,284</b>	<b>76,086,557</b>	<b>81,511,857</b>	<b>90,673,370</b>
<b>Business-type activities:</b>										
Wastewater	14,595,817	15,455,843	15,413,470	16,398,495	17,710,456	17,378,120	15,867,424	16,700,356	19,429,363	17,389,328
<b>Total business-type activities expenses</b>	<b>14,595,817</b>	<b>15,455,843</b>	<b>15,413,470</b>	<b>16,398,495</b>	<b>17,710,456</b>	<b>17,378,120</b>	<b>15,867,424</b>	<b>16,700,356</b>	<b>19,429,363</b>	<b>17,389,328</b>
<b>Total primary government expenses</b>	<b>\$ 91,358,222</b>	<b>\$ 89,637,549</b>	<b>\$ 86,577,951</b>	<b>\$ 90,988,792</b>	<b>\$ 89,998,266</b>	<b>\$ 90,898,113</b>	<b>\$ 90,170,708</b>	<b>\$ 92,786,913</b>	<b>\$ 100,941,220</b>	<b>\$ 108,062,698</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 1,169,914	\$ 1,144,209	\$ 1,124,120	\$ 1,175,685	\$ 2,229,570	\$ 2,416,175	\$ 1,523,652	\$ 1,824,092	\$ 1,653,820	\$ 2,319,957
Public safety	5,516,765	5,141,582	5,039,668	4,758,621	4,145,824	4,956,285	4,580,713	3,829,943	1,714,929	2,018,135
Public works	1,621,632	1,346,452	1,477,824	1,303,160	1,184,869	1,270,454	1,067,571	1,198,740	1,145,382	1,728,558
Recreation	511,609	693,490	657,618	677,070	696,275	1,153,051	992,221	843,635	823,711	679,813
Community development	1,052,738	1,292,549	1,172,847	1,128,417	2,166,733	332,193	1,540,318	1,962,232	1,417,215	1,864,899
Operating grants and contributions	8,179,454	6,744,073	6,827,345	9,264,974	6,811,610	6,717,307	6,970,968	6,049,885	6,478,047	7,581,512
Capital grants and contributions	14,385,324	12,503,710	11,290,298	9,396,184	16,162,285	23,453,340	14,847,109	7,468,431	5,625,620	3,819,611
<b>Total governmental activities revenues</b>	<b>32,437,436</b>	<b>28,866,065</b>	<b>27,589,720</b>	<b>27,704,111</b>	<b>33,397,166</b>	<b>40,298,805</b>	<b>31,522,552</b>	<b>23,176,958</b>	<b>18,858,724</b>	<b>20,012,485</b>
<b>Business-type activities:</b>										
Wastewater										
Charges for Services	12,072,058	11,940,997	11,456,017	13,382,226	15,369,359	15,363,078	20,341,567	19,577,156	19,903,017	20,395,530
Capital grants and contributions	39,100	15,900	-	-	-	-	-	-	-	-
<b>Total business-type activities revenues</b>	<b>12,111,158</b>	<b>11,956,897</b>	<b>11,456,017</b>	<b>13,382,226</b>	<b>15,369,359</b>	<b>15,363,078</b>	<b>20,341,567</b>	<b>19,577,156</b>	<b>19,903,017</b>	<b>20,395,530</b>
<b>Total primary government revenues</b>	<b>\$ 44,548,594</b>	<b>\$ 40,822,962</b>	<b>\$ 39,045,737</b>	<b>\$ 41,086,337</b>	<b>\$ 48,766,525</b>	<b>\$ 55,661,883</b>	<b>\$ 51,864,119</b>	<b>\$ 42,754,114</b>	<b>\$ 38,761,741</b>	<b>\$ 40,408,015</b>

(Continued)

# CITY OF EL CAJON

## Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012 (a)	2013	2014	2015	2016	2017	2018
Net (expense)/revenue										
Governmental activities	\$ (44,324,969)	\$ (45,315,641)	\$ (43,574,761)	\$ (46,886,186)	\$ (38,890,644)	\$ (33,221,188)	\$ (42,780,732)	\$ (52,909,599)	\$ (62,653,133)	\$ (70,660,885)
Business-type activities	(2,484,659)	(3,498,946)	(3,957,453)	(3,016,269)	(2,341,097)	(2,015,042)	4,474,143	2,876,800	473,654	3,006,202
<b>Total primary government net expense</b>	<b>\$ (46,809,628)</b>	<b>\$ (48,814,587)</b>	<b>\$ (47,532,214)</b>	<b>\$ (49,902,455)</b>	<b>\$ (41,231,741)</b>	<b>\$ (35,236,230)</b>	<b>\$ (38,306,589)</b>	<b>\$ (50,032,799)</b>	<b>\$ (62,179,479)</b>	<b>\$ (67,654,683)</b>
<b>General Revenues and Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes										
Property taxes	\$ 32,527,556	\$ 28,896,570	\$ 28,873,349	\$ 27,082,113	\$ 20,468,597	\$ 21,692,259	\$ 21,360,064	\$ 21,396,116	\$ 17,575,902	\$ 18,709,738
Sales taxes	15,602,550	19,148,882	22,278,251	22,466,903	24,328,310	25,367,434	26,056,239	29,493,906	37,559,282	37,163,462
Franchise taxes	4,603,755	4,630,306	5,163,453	4,721,291	4,767,474	4,791,459	5,044,461	5,196,514	5,148,007	5,311,723
Transient lodging taxes	925,865	824,676	900,298	1,046,237	1,057,224	1,138,761	1,330,117	1,378,472	1,408,750	1,613,926
Business license taxes	784,047	744,613	751,196	747,522	768,726	766,515	788,397	775,603	833,371	837,895
Intergovernmental, unrestricted	542,808	289,199	502,955	-	51,550	87,385	828,833	40,931	45,845	54,999
Investment earnings	881,530	374,277	234,385	299,103	179,961	39,032	54,446	599,306	241,282	402,994
Other	703,767	811,138	646,937	1,531,970	1,352,057	801,775	676,603	703,000	821,817	(356,651)
Special item - net gain(loss) on sale	-	-	2,167,485	-	(597,018)	-	-	-	-	-
Special item - payment to Affected Taxing Entities	-	-	-	-	-	-	(1,234,000)	-	-	-
Extraordinary gain - net transfer of assets	-	-	-	21,677,883	-	-	-	-	-	-
Transfer in(out)	113,950	19,259	78,697	5,682	69,751	145,863	54,944	271,412	28,495	-
<b>Total governmental activities</b>	<b>56,685,828</b>	<b>55,738,920</b>	<b>61,597,006</b>	<b>79,578,704</b>	<b>52,446,632</b>	<b>54,830,483</b>	<b>54,960,104</b>	<b>59,855,260</b>	<b>63,662,751</b>	<b>63,738,086</b>
<b>Business-type activities:</b>										
Investment earnings	877,025	372,139	160,435	82,552	24,511	42,103	69,455	187,377	146,614	144,106
Other	904,051	8,022	90,143	1,465,778	15,015	4,014	5,413,909	1,667,142	107,265	471,626
Special item - net loss on sale of properties	-	-	-	-	(2,225)	-	-	-	-	-
Transfer in(out)	(113,950)	(19,259)	(78,697)	(5,682)	(69,751)	(145,863)	(54,944)	(271,412)	(28,495)	-
<b>Total business-type activities</b>	<b>1,667,126</b>	<b>360,902</b>	<b>171,881</b>	<b>1,542,648</b>	<b>(32,450)</b>	<b>(99,746)</b>	<b>5,428,420</b>	<b>1,583,107</b>	<b>225,384</b>	<b>615,732</b>
<b>Total primary government</b>	<b>\$ 58,352,954</b>	<b>\$ 56,099,822</b>	<b>\$ 61,768,887</b>	<b>\$ 81,121,352</b>	<b>\$ 52,414,182</b>	<b>\$ 54,730,737</b>	<b>\$ 60,388,524</b>	<b>\$ 61,438,367</b>	<b>\$ 63,888,135</b>	<b>\$ 64,353,818</b>
<b>Changes in Net Position</b>										
Governmental activities	\$ 12,360,859	\$ 10,423,279	\$ 18,022,245	\$ 32,692,518	\$ 13,555,988	\$ 21,609,295	\$ 12,179,372	\$ 6,945,661	\$ 1,009,618	\$ (6,922,799)
Business-type activities	(817,533)	(3,138,044)	(3,785,572)	(1,473,621)	(2,373,547)	(2,114,788)	9,902,563	4,459,907	699,038	3,621,934
<b>Total primary government</b>	<b>\$ 11,543,326</b>	<b>\$ 7,285,235</b>	<b>\$ 14,236,673</b>	<b>\$ 31,218,897</b>	<b>\$ 11,182,441</b>	<b>\$ 19,494,507</b>	<b>\$ 22,081,935</b>	<b>\$ 11,405,568</b>	<b>\$ 1,708,656</b>	<b>\$ (3,300,865)</b>

**Source:** City of El Cajon - Finance Department

**Note:** (a) Since its dissolution on February 1, 2012, the former Cajon Redevelopment Agency's financial activities and changes net position were recorded in the Successor Agency Trust Fund.

**CITY OF EL CAJON**  
**Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2009	2010	2011 (a)	2012	2013	2014	2015	2016	2017	2018
<b>General fund</b>										
Reserved	\$ 27,822	\$ 287,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	16,521,049	15,492,150	-	-	-	-	-	-	-	-
Nonspendable	-	-	11,610	-	2,331	2,616	1,769	8,379	15,598	7,071
Committed	-	-	10,058,304	10,003,509	10,614,730	11,415,896	12,101,021	13,052,990	13,052,990	13,052,990
Assigned	-	-	-	5,370,474	4,947,648	3,520,000	6,020,000	6,020,000	14,500,000	14,500,000
Unassigned	-	-	10,009,181	3,401,384	10,969,345	12,987,788	12,430,127	16,573,355	14,613,935	21,239,581
<b>Total general fund</b>	<b>\$ 16,548,871</b>	<b>\$ 15,779,171</b>	<b>\$ 20,079,095</b>	<b>\$ 18,775,367</b>	<b>\$ 26,534,054</b>	<b>\$ 27,926,300</b>	<b>\$ 30,552,917</b>	<b>\$ 35,654,724</b>	<b>\$ 42,182,523</b>	<b>\$ 48,799,642</b>
<b>All other governmental funds</b>										
Reserved	\$ 62,695,222	\$ 84,028,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Special revenue funds	4,071,055	2,792,790	-	-	-	-	-	-	-	-
Capital projects funds	60,774,373	24,086,294	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	4,219	3,117	1,234,000	-	568,839	34,195,345
Restricted	-	-	60,309,471	32,917,930	31,072,800	31,521,762	33,798,874	31,368,390	31,236,465	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	29,265,577	25,454,019	27,270,420	29,729,317	29,851,850	26,613,467	26,043,452	15,847,758
Unassigned	-	-	-	-	(16,521)	(42,390)	-	(2,250)	(13,157)	(8,343)
<b>Total all other governmental funds</b>	<b>\$127,540,650</b>	<b>\$110,907,234</b>	<b>\$ 89,575,048</b>	<b>\$ 58,371,949</b>	<b>\$ 58,330,918</b>	<b>\$ 61,211,806</b>	<b>\$ 64,884,724</b>	<b>\$ 57,979,607</b>	<b>\$ 57,835,599</b>	<b>\$ 50,034,760</b>
<b>Total fund balance</b>	<b>\$144,089,521</b>	<b>\$126,686,405</b>	<b>\$109,654,143</b>	<b>\$ 77,147,316</b>	<b>\$ 84,864,972</b>	<b>\$ 89,138,106</b>	<b>\$ 95,437,641</b>	<b>\$ 93,634,331</b>	<b>\$100,018,122</b>	<b>\$ 98,834,402</b>

**Source:** City of El Cajon - Finance Department

**Note:** (a) The City implemented GASB Statement 54 for the fiscal year ended June 30, 2011. Fund balances prior to fiscal year 2011 were restated to comply with the GASB Statement 54 reporting requirements.

**CITY OF EL CAJON**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes	\$ 65,732,725	\$ 68,651,590	\$ 72,117,599	\$ 65,375,715	\$ 62,902,388	\$ 64,611,380	\$ 65,018,702	\$ 60,918,054	\$ 65,362,527	\$ 65,565,985
Intergovernmental	9,248,805	9,101,752	7,187,549	8,477,915	6,772,809	7,353,362	7,588,943	6,950,884	7,554,839	8,604,212
Licenses and permits	948,842	1,170,501	873,243	927,820	959,941	1,043,011	1,376,417	1,810,129	1,190,944	1,387,579
Charges for services	6,261,265	6,045,741	5,821,898	6,248,868	5,964,400	6,165,821	5,876,605	5,165,405	3,387,982	4,561,823
Investment earnings	3,046,843	1,086,786	818,018	387,216	317,649	175,953	1,031,176	768,800	460,645	402,995
Other	8,052,494	2,660,351	5,286,670	5,047,901	6,895,635	4,932,760	7,430,357	7,528,905	4,903,814	4,368,132
<b>Total revenues</b>	<b>93,290,974</b>	<b>88,716,721</b>	<b>92,104,977</b>	<b>86,465,435</b>	<b>83,812,822</b>	<b>84,282,287</b>	<b>88,322,200</b>	<b>83,142,177</b>	<b>82,860,751</b>	<b>84,890,726</b>
<b>Expenditures</b>										
General government	6,830,628	6,578,500	6,554,545	7,446,595	8,943,751	11,158,991	8,490,159	8,720,888	7,483,195	5,945,279
Public safety	39,105,822	37,934,714	38,078,503	38,458,168	39,216,674	41,758,874	44,909,375	45,379,458	45,326,731	48,075,169
Public works	6,085,158	6,201,848	5,940,300	5,553,901	5,523,424	5,196,417	5,161,698	5,695,177	9,930,389	11,193,499
Recreation	5,039,113	4,810,458	4,608,809	4,426,742	4,362,631	4,634,936	5,084,634	5,113,117	3,222,345	3,469,092
Community development	8,993,226	14,380,697	9,685,291	5,906,316	5,013,538	2,970,194	2,958,140	3,236,546	3,327,458	3,578,642
Capital outlay	12,903,731	29,010,180	37,803,738	13,997,614	9,054,501	6,443,922	6,269,915	8,907,171	6,982,930	13,555,195
Debt service: principal	1,397,167	2,873,736	1,312,000	1,362,000	2,997,000	7,187,000	7,472,000	7,990,000	176,498	181,423
Debt service: interest & fiscal charges	3,667,869	4,348,963	4,479,711	2,742,813	987,165	792,604	483,777	174,542	55,909	76,147
<b>Total expenditures</b>	<b>84,022,714</b>	<b>106,139,096</b>	<b>108,462,897</b>	<b>79,894,149</b>	<b>76,098,684</b>	<b>80,142,938</b>	<b>80,829,698</b>	<b>85,216,899</b>	<b>76,505,455</b>	<b>86,074,446</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>9,268,260</b>	<b>(17,422,375)</b>	<b>(16,357,920)</b>	<b>6,571,286</b>	<b>7,714,138</b>	<b>4,139,349</b>	<b>7,492,502</b>	<b>(2,074,722)</b>	<b>6,355,296</b>	<b>(1,183,720)</b>
<b>Other financing sources (uses)</b>										
Issuance of long-term debt	25,195,000	-	-	-	-	-	-	-	-	-
Premium (Discount) on issuance of bonds	769,983	-	-	-	-	-	-	-	-	-
Transfers in	11,182,389	28,484,035	15,836,395	30,436,534	11,555,208	16,101,370	15,070,867	12,427,065	5,454,368	3,539,200
Transfers out	(11,068,439)	(28,464,776)	(16,510,737)	(32,542,205)	(11,551,690)	(15,967,585)	(15,029,834)	(12,155,653)	(5,425,873)	(3,539,200)
<b>Total other financing sources (uses)</b>	<b>26,078,933</b>	<b>19,259</b>	<b>(674,342)</b>	<b>(2,105,671)</b>	<b>3,518</b>	<b>133,785</b>	<b>41,033</b>	<b>271,412</b>	<b>28,495</b>	<b>-</b>
Extraordinary loss	-	-	-	(36,972,442)	-	-	-	-	-	-
Special item - payment to Affected Taxing Entities	-	-	-	-	-	-	(1,234,000)	-	-	-
<b>Net change in fund balances</b>	<b>\$ 35,347,193</b>	<b>\$ (17,403,116)</b>	<b>\$ (17,032,262)</b>	<b>\$ (32,506,827)</b>	<b>\$ 7,717,656</b>	<b>\$ 4,273,134</b>	<b>\$ 6,299,535</b>	<b>\$ (1,803,310)</b>	<b>\$ 6,383,791</b>	<b>\$ (1,183,720)</b>
<b>Debt service as percentage of noncapital expenditures</b>	<b>7.1%</b>	<b>9.4%</b>	<b>8.2%</b>	<b>6.2%</b>	<b>5.9%</b>	<b>10.8%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>0.3%</b>	<b>0.4%</b>

Source: City of El Cajon - Finance Department

**CITY OF EL CAJON**  
**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales and Use (a) (b)</b>	<b>Franchise</b>	<b>Transient Occupancy</b>	<b>Business License</b>	<b>Property Transfer</b>	<b>Other</b>	<b>Total</b>
2009	\$ 35,528,950	\$ 23,302,544	\$ 4,603,755	\$ 925,865	\$ 784,047	\$ 206,897	\$ 380,667	\$ 65,732,725
2010	32,056,420	25,968,174	4,630,306	824,676	744,613	183,345	4,244,055	68,651,589
2011	31,858,255	29,928,327	5,163,453	900,298	751,196	193,141	2,940,480	71,735,150
2012 (c )	26,866,252	30,141,782	4,721,291	1,046,237	747,522	215,861	1,259,212	64,998,157
2013	20,224,259	32,662,638	4,767,474	1,057,224	768,726	244,338	2,798,900	62,523,559
2014	21,285,194	33,814,507	4,791,459	1,138,761	766,515	407,065	2,022,716	64,226,217
2015	20,987,827	33,584,316	5,044,461	1,330,117	788,397	372,237	2,532,300	64,639,655
2016	21,086,961	29,620,061	5,196,514	1,378,472	775,603	309,155	2,173,900	60,540,666
2017	17,223,736	37,559,282	5,148,007	1,408,750	833,371	352,166	2,468,900	64,994,212
2018	18,339,325	37,192,949	5,311,723	1,613,926	837,895	370,413	1,899,754	65,565,985

**Source:** City of El Cajon - Finance Department

**Notes:**

(a) The voters of the City approved Proposition O, a sales tax increase of half percent which was in effect from 04/01/2005 through 03/31/2015.

(b) The voters of the City approved Proposition J, a sales tax increase of half percent which will be in effect from 04/01/2009 through 03/31/2029.

(c ) Since its dissolution on February 1, 2012, the former Redevelopment Agency's property tax increment revenues have been recorded in the Successor Agency Trust Fund.

# CITY OF EL CAJON

## Principal Sales Tax Producers (alphabetical)

### Current Fiscal Year and Nine Years Ago

Fiscal Year 2018		Fiscal Year 2009	
Taxpayer	Business Type	Taxpayer	Business Type
99 Cents Only Stores	Department Stores	Arco AM/PM Mini Marts	Service Stations
Autoland	Auto Sales - New	Best Buy Stores	Furniture/Appliance
Azko Nobel Coatings	Heavy Industry	BMW of El Cajon	Auto Sales - New
Big Lots	Department Stores	Bob Baker Chevrolet/Subaru	Auto Sales - New
Black Diamond Blade Company	Heavy Industry	Chevron Service Stations	Service Stations
Builders Fence Company	Building Materials - Retail	De La Fuente Cadillac	Auto Sales - New
California Credit Union	Business Services	Dixieline Lumber Company	Building Materials - Retail
California State Auto	Miscellaneous Retail	East County Preowned Superstor	Auto Sales - Used
Carson Trailer	Misc. Vehicle Sales	El Cajon Ford Isuzu	Auto Sales - New
Daniels Jewelers	Miscellaneous Retail	Ferguson Enterprises	Building Materials - Wholesale
David B. Lieberman	Miscellaneous Retail	Home Depot	Building Materials - Retail
Frederick's of Hollywood	Apparel Stores	J C Penney Company	Department Stores
Kaiser Permanente Hospitals	Health & Government	Lexus of El Cajon	Auto Sales - New
La Z Boy Furniture	Furniture/Appliance	Macy's Department Store	Department Stores
Mercury Air Group	Energy Sales	Mor Furniture For Less	Furniture/Appliance
Mobil Service Stations	Service Stations	Mossy Nissan	Auto Sales - New
Montroy Supply Company	Building Materials - Wholesale	Motoworld	Misc. Vehicle Sales
Napa Auto Parts	Auto Parts/Repair	Sears Roebuck & Company	Department Stores
Nissan Motor Acceptance	Leasing	Target Stores	Department Stores
Parkway Bowl	Miscellaneous Retail	The Soco Group Petroleum Dist.	Energy Sales
Tommy Stewart	Furniture/Appliance	Tipton Honda	Auto Sales - New
Toyota Motor Credit	Leasing	Toyota Of El Cajon	Auto Sales - New
Travelex Currency Services	Business Services	Vons Grocery Company	Food Markets
USA Waste of California	Light Industry	W.W. Grainger	Building Materials - Wholesale
Wimberly Flying Toys	Miscellaneous Retail	Wal Mart Stores	Department Stores

**Source:** SBOE data, MuniServices, LLC

# CITY OF EL CAJON

## Net Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Taxable Assessed Value*	Direct Tax Rate (a)	Estimated Actual Taxable Value (b)	Factor of Taxable Assessed Value
2009	\$ 5,146,788	\$ 1,306,707	\$ 587,244	\$ 205,868	\$ 486,778	\$ 7,733,385	0.111700	\$ -	-
2010	4,681,464	1,332,879	605,729	203,425	531,835	7,355,332	0.111700	-	-
2011	4,589,686	1,315,121	603,660	195,491	506,113	7,210,071	0.111700	-	-
2012	4,625,723	1,320,497	601,910	189,333	508,860	7,246,323	0.111700	-	-
2013	4,548,093	1,339,676	624,668	104,634	439,823	7,056,894	0.111700	9,143,319	1.295658
2014	4,726,844	1,363,339	627,606	107,602	425,276	7,250,667	0.111700	9,600,731	1.324117
2015	5,053,331	1,399,595	629,587	109,667	400,064	7,592,243	0.111700	10,513,598	1.384782
2016	5,373,394	1,444,336	657,520	110,394	351,773	7,937,417	0.111700	10,117,713	1.274686
2017	5,785,593	1,473,424	601,784	132,892	373,654	8,367,346	0.111700	10,730,225	1.282393
2018	6,222,933	1,516,102	647,018	123,854	361,584	8,871,491	0.111700	12,598,697	1.420133

**Sources:** San Diego County Assessor data, MuniServices, LLC  
2011-12 and prior, previously published CAFR Report

**Notes:** Values are net of all exemptions, including Home Owner Exemptions  
\*Does not include SBOE state utility in the amount of \$531,036  
(a) Total Direct Tax Rate is represented by TRA 003-001  
(b) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices.  
Based on these calculations a factor was extrapolated and applied to current assessed values.

# CITY OF EL CAJON

## Net Assessed Value of Property by Use Code, Citywide Last Ten Fiscal Years (in thousands of dollars)

Property Use Code	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential	\$ 5,146,788	\$ 4,681,464	\$ 4,589,686	\$ 4,625,723	\$ 4,548,093	\$ 4,726,844	\$ 5,053,331	\$ 5,373,394	\$ 5,785,593	\$ 6,222,933
Commercial	1,306,707	1,332,879	1,315,121	1,320,497	1,339,676	1,363,339	1,399,595	1,444,336	1,473,424	1,516,102
Industrial	587,244	605,729	603,660	601,910	624,668	627,606	629,587	657,520	601,783	647,018
Institutional	100,185	102,708	105,071	106,421	19,509	20,376	20,902	20,155	20,615	19,824
Vacant	93,801	88,457	80,688	73,147	76,246	79,358	81,131	82,150	92,978	83,229
Recreational	10,833	11,211	8,683	8,716	7,830	7,449	7,466	7,538	18,040	19,446
Government	-	-	-	-	-	-	-	-	1,259	1,354
Unknown	-	-	-	-	-	-	168	551	-	-
Net Secured Value	7,245,558	6,822,448	6,702,909	6,736,414	6,616,022	6,824,972	7,192,179	7,585,644	7,993,692	8,509,907
SBE unitary	1,049	1,049	1,049	1,049	1,049	419	531	531	244	531
Unsecured Value	486,778	531,835	506,113	508,860	439,823	425,276	400,064	351,773	373,654	361,584
Net Taxable Value	<u>\$ 7,732,336</u>	<u>\$ 7,354,283</u>	<u>\$ 7,209,022</u>	<u>\$ 7,245,274</u>	<u>\$ 7,055,845</u>	<u>\$ 7,250,248</u>	<u>\$ 7,592,243</u>	<u>\$ 7,937,417</u>	<u>\$ 8,367,590</u>	<u>\$ 8,872,022</u>

**Sources:** San Diego County Assessor data, MuniServices, LLC  
2011-12 and prior, previously published CAFR Report

**Notes:** Use code categories are based on San Diego County Assessor's data  
Value includes SBOE State Unitary Value



**CITY OF EL CAJON**  
**Direct and Overlapping Property Tax Rates<sup>a</sup>**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Basic City and County Levy</b>										
City of El Cajon	0.111740	0.111700	0.111740	0.111700	0.111736	0.111736	0.111736	0.111736	0.111736	0.111736
Cajon Valley Union Elementary	0.224910	0.224900	0.224900	0.224900	0.224913	0.224913	0.224913	0.224913	0.224913	0.224913
Cajon Valley Union County Building Aid	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020
Children's Institute Tuition	0.001460	0.001460	0.001460	0.001460	0.001464	0.001464	0.001464	0.001464	0.001464	0.001464
Chula Vista Project	0.000180	0.000180	0.000180	0.000180	0.000179	0.000179	0.000179	0.000179	0.000179	0.000179
County General	0.144250	0.132100	0.132100	0.132100	0.132090	0.132090	0.132090	0.132090	0.132090	0.132090
County Library	0.012960	0.025100	0.025100	0.025100	0.025124	0.025124	0.025124	0.025124	0.025124	0.025124
County School Service	0.006860	0.006860	0.006860	0.006860	0.006862	0.006862	0.006862	0.006862	0.006862	0.006862
County School Service Capital Outlay	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730
CWA Helix Water District	0.003450	0.003450	0.003450	0.003450	0.003448	0.003448	0.003448	0.003448	0.003448	0.003448
Educational Revenue Augmentation Fund	0.129250	0.129300	0.129300	0.129300	0.129255	0.129255	0.129255	0.129255	0.129255	0.129255
Grossmont-Cuyamaca Community College	0.094190	0.094200	0.094200	0.094200	0.094191	0.094191	0.094191	0.094191	0.094191	0.094191
Grossmont Healthcare District	0.016250	0.016250	0.016250	0.016250	0.016246	0.016246	0.016246	0.016246	0.016246	0.016246
Grossmont Union High School District	0.248370	0.248400	0.248400	0.248400	0.248366	0.248366	0.248366	0.248366	0.248366	0.248366
Regional Occupational Centers	0.004380	0.004380	0.004380	0.004380	0.004377	0.004377	0.004377	0.004377	0.004377	0.004377
<b>Total</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>
<b>Override Assessments</b>										
Cajon Valley School Bond	0.049010	0.052240	0.052500	0.060840	0.062740	0.086340	0.082940	0.081450	0.078010	0.087610
Grossmont Healthcare District Prop G 6-06-06	0.013150	0.013150	0.013150	0.020050	0.020050	0.020050	0.020050	0.023520	0.023520	0.023520
Grossmont Union High Bond	0.027950	0.058670	0.059430	0.061210	0.061030	0.061670	0.061180	0.060530	0.057170	0.066130
Grossmont-Cuyamaca Community College	0.022570	0.027980	0.029290	0.030820	0.031730	0.047520	0.046500	0.045390	0.040050	0.046710
La Mesa Spring Valley Elementary	0.020230	0.023660	0.024930	0.025560	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Metropolitan Water District	0.004300	0.004300	0.003700	0.003700	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500
Padre Dam Muni. Water Imp.Dist. C-Debt Service	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
San Diego Water Authority	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Santee Elementary Bond	0.028080	0.029160	0.034040	0.033080	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
<b>Total</b>	<b>0.165290</b>	<b>0.209160</b>	<b>0.217040</b>	<b>0.235260</b>	<b>0.179050</b>	<b>0.219080</b>	<b>0.214170</b>	<b>0.214390</b>	<b>0.202250</b>	<b>0.227470</b>
<b>Total Tax Rate</b>	<b>1.165290</b>	<b>1.209160</b>	<b>1.217040</b>	<b>1.235260</b>	<b>1.179050</b>	<b>1.219080</b>	<b>1.214170</b>	<b>1.214390</b>	<b>1.202250</b>	<b>1.227470</b>

**Sources:** San Diego County Assessor data, MuniServices, LLC  
2011-12 and prior, previously published CAFR Report

**Note:** TRA 03-001 is represented for this report .

# CITY OF EL CAJON

## Property Tax Levies and Collections

### Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (a)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 7,150,782	\$ 6,775,141	94.75 %	\$ 203,318	\$ 6,978,459	97.59 %
2010	6,607,017	6,314,709	95.58	72,787	6,387,496	96.68
2011	6,521,484	6,280,600	96.31	18,636	6,299,236	96.59
2012	6,558,058	6,375,739	97.22	44,668	6,420,407	97.90
2013	6,705,944	6,532,219	97.41	47,089	6,579,308	98.11
2014	7,038,840	6,846,801	97.27	25,902	6,872,703	97.64
2015	7,188,741	7,058,431	98.19	34,693	7,093,124	98.67
2016	7,574,543	7,443,382	98.27	41,488	7,484,870	98.82
2017	7,986,215	7,831,502	98.06	47,880	7,879,382	98.66
2018	8,434,486	8,291,346	98.30	-	8,291,346	98.30

**Source:** San Diego County Auditor/Controller, Property Tax Apportionment Report

**Note:** (a) Information required by GASB Statement 44 differs from information reported. Collections in subsequent years represent total delinquent amounts received during the fiscal year, regardless of the fiscal year of the tax levy. Data for delinquent tax collections by levy year is not available from the San Diego County Auditor/Controller's Office.

# CITY OF EL CAJON

## Principal Property Tax Payers

### Current Fiscal Year and Nine Years Ago

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	Taxable Value (\$)	Rank	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percent of Total City Taxable Value (%)
Star West Parkway Mall Lp	\$ 255,945,009	1	2.89%			
Prebys Conrad Trust 12 17 82	223,953,879	2	2.52%	\$ 45,236,423	3	0.58%
GKN Aerospace Chem Tronics Inc	67,591,238	3	0.76%	57,847,420	2	0.75%
Forest Park Fee Owner LLC	59,535,877	4	0.67%			
Kaiser Foundation Health Plan	51,960,566	5	0.59%	42,168,091	4	0.55%
Senior Flexonics Inc.	45,369,052	6	0.51%	31,573,046	8	0.41%
El Cajon Energy LLC	31,184,791	7	0.35%			
Cox Communications California	30,174,003	8	0.34%	33,724,949	6	0.44%
Winterfell Springs Of El Cajon	29,495,872	9	0.33%			
Harsch Investment Properties L	28,783,890	10	0.32%			
Parkway Plaza LP				214,800,114	1	2.78%
Cumberland Club Apts LP				38,993,339	5	0.50%
Home Depot USA				32,018,290	7	0.41%
Calpeak Power El Cajon LLC				28,673,347	9	0.37%
Pinnick Inc.				26,883,576	10	0.35%
Total Top 10 Taxpayers	823,994,177		9.28%	551,918,595		7.14%
Total Taxable Value (a)	\$ 8,871,491,203		100.00%	\$ 7,733,385,000		100%

**Sources:** San Diego County Assessor data, MuniServices, LLC  
2011-12 and prior, previously published CAFR Report

**Note:** (a) Total Taxable Value does not include SBOE unitary

# CITY OF EL CAJON

## Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)
	Sales Tax Revenue Bonds	Tax Allocation Refunding Bonds (a)	Capital Leases	Notes Payable	Obligation Due to San Diego Metro Wastewater	Note Payable to State Water Resources Control Board			
2009	\$ 25,195,000	\$ 68,780,000	\$ 86,903	\$ 2,204,000	\$ 11,038,654	\$ -	\$ 107,304,557	3.24%	\$ 1,091
2010	25,195,000	67,575,000	29,736	565,000	11,038,654	-	104,403,390	3.12%	1,050
2011	25,159,000	66,320,000	-	508,000	11,038,654	-	103,025,654	3.11%	1,030
2012	25,195,000	-	-	451,000	9,858,817	-	35,504,817	1.56%	353
2013	22,255,000	-	-	394,000	9,858,817	-	32,507,817	1.43%	324
2014	15,125,000	-	-	337,000	9,858,817	-	25,320,817	0.79%	250
2015	7,710,000	-	-	280,000	9,858,817	1,308,225	19,157,042	0.93%	189
2016	-	-	-	-	9,858,817	3,768,749	13,627,566	0.56%	133
2017	-	-	1,827,397	-	9,858,817	3,871,418	15,557,632	0.61%	151
2018	-	-	1,645,974	-	9,858,817	7,313,590	18,818,381	0.68%	178

**Source:** City of El Cajon - Finance Department

**Notes:** Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(a) The El Cajon Redevelopment Agency's outstanding tax allocation bonds were transferred to the Successor Agency on 02/01/2012.

(b) See Demographic and Economic Statistics on page N-16 for personal income and population data.

# CITY OF EL CAJON

## Pledged-Revenue Coverage Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>NOTE PAYABLE - STATE WATER RESOURCES CONTROL BOARD</b>										
Wastewater Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$21,431,675	\$19,985,038	\$20,910,132
Less: Operations and Maintenance	-	-	-	-	-	-	-	(12,260,836)	(14,563,908)	(13,833,983)
Net revenues	-	-	-	-	-	-	-	9,170,839	5,421,130	7,076,149
Debt Service										
Principal	-	-	-	-	-	-	-	-	184,664	270,557
Interest	-	-	-	-	-	-	-	-	64,545	86,995
<b>Coverage</b>	-	-	-	-	-	-	-	<b>N/A</b>	<b>21.75</b>	<b>19.79</b>
<b>REVENUE BONDS (a)</b>										
Sales Tax Revenues	\$ -	\$ 6,819,290	\$ 7,650,075	\$ 7,674,879	\$ 8,334,328	\$ 8,447,073	\$ 7,528,077	\$ 126,155	\$ -	\$ -
Debt Service										
Principal	-	-	-	-	2,940,000	7,130,000	7,415,000	-	-	-
Interest	-	591,034	1,008,400	1,008,400	964,300	772,600	466,700	-	-	-
<b>Coverage</b>	<b>N/A</b>	<b>11.54</b>	<b>7.59</b>	<b>7.61</b>	<b>2.13</b>	<b>1.07</b>	<b>0.96</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>TAX ALLOCATION BONDS (b)</b>										
Property Tax Incremental Revenues	\$12,495,350	\$11,897,087	\$11,514,535	\$ 6,313,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service										
Principal	1,170,000	1,205,000	1,255,000	1,305,000	-	-	-	-	-	-
Interest	3,541,815	3,492,829	3,442,999	1,708,769	-	-	-	-	-	-
Pass-through payments	3,208,290	3,343,196	3,204,850	1,555,164	-	-	-	-	-	-
<b>Coverage</b>	<b>1.58</b>	<b>1.48</b>	<b>1.46</b>	<b>1.38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: City of El Cajon - Finance Department

Notes: (a) The Proposition O - Public Safety Building Bonds were paid in full in fiscal year 2016.

(b) The El Cajon Redevelopment Agency's outstanding tax allocation bonds were transferred to the Successor Agency on 02/01/2012

# CITY OF EL CAJON

## Direct and Overlapping Governmental Activities Debt As of June 30, 2018

	Total Debt 6/30/2018	Percent (%) Applicable to City of El Cajon (a)	City's Share of Debt 6/30/18
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Metropolitan Water District	\$ 60,600,000	0.326 %	\$ 197,556
Grossmont-Cuyamaca Community College District	221,660,377	18.623	41,279,812
Grossmont Union High School District	550,714,538	19.085	105,103,870
Cajon Valley Union School District	190,756,012	46.264	88,251,361
La Mesa-Spring Valley School District	24,489,849	8.819	2,159,760
Santee School District	53,035,308	3.358	1,780,926
Grossmont Healthcare District	261,328,330	17.514	45,769,044
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 284,542,329</b>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT:</b>			
San Diego County General Fund Obligations	\$ 273,220,000	1.804 %	\$ 4,928,889
San Diego County Pension Obligation Bonds	558,525,000	1.804	10,075,791
San Diego County Superintendent of Schools Certificates of Participation	10,785,000	1.804	194,561
Grossmont-Cuyamaca Community College District General Fund Obligations	610,000	18.623	113,600
Cajon Valley Union School District Certificates of Participation	22,086,000	46.264	10,217,867
La Mesa-Spring Valley School District Certificates of Participation	12,185,321	8.819	1,074,623
Santee School District Certificates of Participation	29,929,849	3.358	1,005,044
San Miguel Consolidated Fire Protection District Certificates of Participation	4,275,000	0.001	43
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 27,610,418</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</b>	<b>\$ 65,140,000</b>	<b>90.610-100 %</b>	<b>\$ 60,025,737</b>
<b>TOTAL DIRECT DEBT - City of El Cajon</b>	<b>\$ -</b>	<b>0.000 %</b>	<b>\$ -</b>
<b>COMBINED TOTAL DEBT</b>			<b><u>\$ 372,178,484</u> (b)</b>
Ratios to 2017-18 Assessed Valuation:	\$ 8,947,833,568		
Total Overlapping Tax and Assessment Debt	3.18%		
Total Overlapping General Fund Debt	0.31%		
Overlapping Tax Increment Debt (Successor Agencies)	0.67%		
<b>Total Direct Debt</b>	<b>0.00%</b>		
<b>Combined Total Debt</b>	<b>4.16%</b>		

**Source:** San Diego County Assessor data, MuniServices, LLC

**Notes:** (a) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(b) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded capital lease obligations.

# CITY OF EL CAJON

## Demographic and Economic Statistics

### Last Ten Fiscal Years

Fiscal Year	City Population (a)	Personal Income (in thousands) (b)	Per Capita Personal Income (b)	Median Age (c)	Average Household Size (c)	% High School Graduate (c)	% Bachelor's Degree or Higher (c)	% Below Poverty (c)	City Unemployment Rate (d)
2009	98,363	\$3,314,900	\$33,700	33.3	2.83	75.2%	17.0%	22.4%	13.1%
2010	99,478	3,342,800	33,600	34.0	2.84	77.4%	14.2%	29.7%	14.2%
2011	99,981	3,309,400	33,100	34.3	2.84	78.3%	18.8%	23.5%	13.5%
2012	100,562	2,275,617	22,629	34.3	2.84	78.8%	17.1%	23.3%	12.2%
2013	100,460	2,273,317	22,629	33.7	2.84	78.8%	17.1%	23.3%	12.2%
2014	101,256	3,194,362	23,109	33.5	2.99	78.6%	17.9%	24.8%	10.3%
2015	101,444	2,050,702	23,295	32.4	3.02	78.4%	17.5%	29.7%	6.9%
2016	102,337	2,416,318	23,611	32.8	3.08	79.2%	18.2%	30.8%	5.2%
2017	102,803	2,544,066	24,747	33.3	3.06	80.4%	19.1%	24.2%	6.7%
2018	105,557	2,778,413	26,321	34.1	3.04	81.1%	19.1%	24.1%	3.6%

**Source:** San Diego County Assessor data, MuniServices, LLC  
2011-12 and prior, previously published CAFR Report

**Notes:** The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark  
 (a) Population Projections are provided by the California Department of Finance Projections.  
 (b) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey  
 (c) Median Age, Average Household Size, % High School Grads, % Bachelor's Degree or Higher and % Below Poverty is provided by US Census data  
 (d) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

# CITY OF EL CAJON

## Top Ten Employers Current Fiscal Year and Nine Years Ago

Business Name	Fiscal Year 2018			Fiscal Year 2009		
	Number of Employees	Rank	Percent of Total Employment (%)	Number of Employees	Rank	Percent of Total Employment (%)
Cajon Valley Union School (a)	1,632	1	3.59%			
GKN Aerospace Chem-Tronics Inc.	909	2	2.00%	648	3	1.54%
Grossmont-Cuyamaca Community College District (b)	769	3	1.69%	1,490	1	3.54%
Grossmont Union High School District	566	4	1.24%	309	8	0.73%
Taylor Guitars	440	7	0.97%			
Wal-Mart (2 locations)	385	5	0.85%			
Country Hills Health Care	380	8	0.84%			
City of El Cajon	379	6	0.83%	652	2	1.55%
Home Depot	357	9	0.78%			
Senior Aerospace Ketema	260	10	0.57%			
University Mechanical & Engineering						
Coit Cleaning & Restoration				600	4	1.43%
Windowmaster Products				370	5	0.88%
Cass Construction Inc.				350	6	0.83%
Taylor-Lustig Inc.				320	7	0.76%
Judicial Council of California				300	9	0.71%
Sears, Roebuck & Co.				300	9	0.71%
Eldorado Care Center LLC				298	10	0.71%
Total Top 10 Employers	6,077		13.36%	5,637		13.39%
Total City Labor Force *	45,500			42,070		

**Source:** MuniServices, LLC  
2008-09 CAFR

**Notes:** Results based on direct correspondence with city's local businesses.

\* Total City Labor Force provided by EDD Labor Force Data.

(a) Includes full-time classified employees, full-time certificated employees, certificated administrators, management and supervisory

(b) Includes full-time classified and certificated employees in El Cajon only and the district office.



**CITY OF EL CAJON**  
**Full-time Equivalent City Government Employees**  
**By Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (a)
<b>General Government</b>										
City Manager	11.55	11.55	6.55	4.50	9.35	9.35	14.20	14.75	3.05	3.85
City Clerk	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
City Attorney	3.00	2.00	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Finance	12.00	12.00	12.00	9.45	11.45	14.00	11.30	11.50	12.40	13.00
Administrative Services	4.00	3.50	2.80	4.40	4.00	4.00	4.00	3.80	16.50	17.00
<b>Police</b>										
Officers	130.50	124.00	120.00	120.00	122.00	122.00	122.00	122.00	122.00	124.00
Civilians	70.70	70.70	68.70	68.70	69.20	69.20	70.20	66.20	66.20	65.20
Animal Control	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00
<b>Fire</b>										
Firefighters and Officers	70.00	70.00	68.00	73.00	72.00	72.00	72.00	73.00	59.00	56.00
Civilians	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.70
<b>Public Works (a)</b>										
Administration and Engineering	15.70	15.61	19.68	14.63	19.05	14.10	13.80	14.70	14.30	14.40
Traffic and Streets Maintenance	28.10	27.80	25.10	22.65	23.05	24.85	25.05	26.90	22.90	27.95
Parks, Facilities, and Vehicle Maintenance	51.10	48.40	43.25	41.55	44.25	43.10	42.65	40.40	26.65	25.80
Wastewater	28.90	27.90	29.35	31.35	30.25	29.75	30.30	29.70	33.05	33.35
<b>Recreation</b>	15.00	14.00	15.00	14.45	15.00	15.00	16.00	16.00	16.00	41.55
<b>Community Development</b>	26.25	26.45	26.05	20.25	20.5	20.5	18.8	18.9	18.9	21.50
<b>Total</b>	<u>479.00</u>	<u>465.11</u>	<u>448.18</u>	<u>437.13</u>	<u>452.30</u>	<u>450.05</u>	<u>452.50</u>	<u>450.05</u>	<u>423.15</u>	<u>458.30</u>

**Source:** City of El Cajon - Finance Department

**Note:** (a) Part-time and seasonal employees included in total FTE count.

**CITY OF EL CAJON**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
Building permits issued	1,188	1,101	1,245	1,238	1,376	1,534	1,971	2,016	2,063	2,208
Building inspections conducted	5,263	7,859	4,279	4,337	5,340	2,522	9,529	9,608	5,631	6,919
<b>Police</b>										
Physical arrests (a)	5,300	5,321	4,605	4,513	5,015	5,088	6,589	5,121	4,861	4,754
Traffic violations	13,955	13,354	12,235	9,968	10,915	3,653	3,100	2,953	2,434	2,244
Parking violations	2,550	3,282	3,248	4,049	3,085	2,764	3,191	2,498	2,411	2,443
<b>Animal Control</b>										
Licenses issued	2,431	2,439	2,731	2,290	2,254	2,025	1,985	1,978	1,819	1,679
Adoptions	1,146	1,191	1,234	1,106	1,112	951	971	816	1,071	1,064
<b>Fire</b>										
Emergency responses	10,543	12,122	12,829	13,177	11,549	12,087	12,833	13,616	14,462	15,562
Fires extinguished (b)(c )	126	469	253	752	410	368	348	409	279	157
Fires investigated (c )	126	469	253	318	410	368	96	165	38	10
Inspections	4,108	2,657	3,058	3,684	3,921	535	813	632	1,827	1,849
Abatement compliance	294	298	288	580	407	418	2,770	88	146	73
<b>Public works</b>										
Street resurfacing (miles)	2	18	10	3	11	6	5	9	4	5
<b>Recreation</b>										
Facility rentals	615	467	385	346	362	367	334	348	362	378
Classes and other bookings	3,430	2,852	2,463	2,156	1,799	1,704	1,596	1,134	1,218	1,281
Attendance	136,540	149,990	91,572	195,677	85,574	88,875	113,924	92,871	96,455	100,677
<b>Wastewater</b>										
Average daily sewage transportation (thousands of gallons)	9,000	9,000	8,247	7,809	7,780	7,941	7,728	6,980	7,421	6,458

**Source:** City of El Cajon Departments

**Notes::** (a) Data restated for years 2008 - 2009.  
(b) In fiscal year 2012, El Cajon Fire Department became part of the Heartland Fire and Rescue JPA and responds to fires in the La Mesa, Lemon Grove, and San Miguel fire districts.  
(c ) Data presented are for fires within El Cajon city limits.

**CITY OF EL CAJON**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
City Hall	1	1	1	1	1	1	1	1	1	1
<b>Police</b>										
Headquarters	1	1	1	1	1	1	1	1	1	1
Satellite Police Facilities (a)	1	1	1	0	0	0	0	0	0	0
Animal Shelter	1	1	1	1	1	1	1	1	1	1
Patrol vehicle	53	56	56	56	56	56	56	56	59	59
Undercover vehicles	29	30	30	30	30	30	34	34	31	31
Tactical vehicles	6	5	5	5	5	5	5	5	5	5
<b>Fire</b>										
Stations	4	4	4	4	4	4	4	4	4	4
Engines/Pumper trucks	7	7	7	7	7	7	7	7	7	7
Ladder truck	1	1	1	1	1	1	1	1	1	1
Battalion Chief units	2	2	2	2	2	2	2	2	2	2
Ambulances (b)	5	6	6	7	7	7	7	4	1	1
<b>Public works</b>										
Streets (miles)	194	194	194	194	194	194	194	194	194	194
Streetlights	2,219	2,204	2,334	2,331	2,352	2,356	2,360	2,360	2,688	2,732
Traffic signals	112	112	112	112	112	112	112	112	112	113

(Continued)

**CITY OF EL CAJON**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Parks and recreation</b>										
Acreage	120	120	120	120	120	120	120	120	120	120
Community/recreation centers	6	6	6	6	6	6	6	6	7	7
Playing fields	5	5	5	5	5	5	5	5	5	5
Playing courts	5	5	5	5	5	5	5	5	5	5
Playgrounds	5	5	6	6	6	6	6	6	7	7
Tennis courts	1	1	1	1	1	1	1	1	1	1
Ballfields	4	4	4	4	4	4	4	4	5	5
Outdoor basketball courts	3	3	3	3	3	3	3	3	3	3
Gymnasiums	4	4	4	4	4	4	4	4	4	4
Amphitheaters/Stage	3	3	3	3	3	3	3	3	3	3
Swimming pool	1	1	1	1	1	1	1	1	1	1
Skatepark/Skate plaza	1	1	1	1	1	1	1	1	2	2
Dog park	1	1	1	1	1	1	1	1	3	3
<b>Wastewater</b>										
Sanitary sewers (miles)	195	195	195	195	195	195	195	195	195	195
Storm sewers (miles)	72	72	72	72	72	72	72	72	82	82

**Source:** City Departments

**Notes:** (a) All divisions moved into the new Public Safety Center in August 2011.  
(b) Three (3) ambulances were sold in fiscal year 2017.

# CITY OF EL CAJON

## ACKNOWLEDGEMENTS

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### **Finance Department**

Yvette Barragan  
Edrilyn Besalda  
Lori Bogan  
Lilia Calip  
Victoria Danganan  
Mercedes Edwards  
Luca Gonzales  
Maria Navarro  
Joyce Nevarez, CPA  
Nahid Razi  
Autumn Reberger  
Holly Reed-Falk, CPA  
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